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MISSOURI

LEGAL MALPRACTICE INSURANCE REPORT 2002

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MISSOURI DEPARTMENT OF INSURANCE
STATISTICS SECTION

**MISSOURI
LEGAL
MALPRACTICE
INSURANCE
REPORT
2002**

**Missouri Department of Insurance
Statistics Section
September 2003**

Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

DEFINITION OF TERMS

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

Direct Premiums Written: The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Direct Premiums Earned: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Direct Losses Incurred: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.



LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1993 to 2002.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 24 Supplement to the companies' annual statements, are presented in the final section.

In 2002 the loss ratio for legal malpractice insurance in Missouri was 20.5 percent, a significant contrast from the 2000 loss ratio of a **negative** 185.5 percent. (A negative figure occurs when companies write off overreserves for claims recorded in previous years that were settled for less). For the 10-year period of claims closed¹, 687 (26 percent) were closed with payment. Claims closed in 2002 totaled 227, a 7 percent increase from the previous year, and 66 involved payments. The average payment was \$54,385.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense (legal fees, claims adjustment costs, etc.) - has fluctuated over the past 10 years. In 2002, the average loss adjustment expense for all claims closed with payment was of \$28,682, while the expenses for all claims, closed with or without payment, averaged only \$8,339.

In producing this report, indemnities paid on closed claims have been categorized by claim characteristics. The number of closed claims, average paid claim and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

¹Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2002 (58 of 227) was initiated by plaintiffs in *personal injury and property damage cases*.

The largest proportion of all claims closed in 2002, as well as the 10 years, involved the *commencement of the legal action or proceeding*. *Failure to know or ascertain deadlines correctly* was the most common reason stated for filing a claim in 2002. The alleged error that generated the largest number of claims over the 10-year span — 415 — was also *failure to know or ascertain deadline correctly*, followed by *planning or strategy error* with 331 closed claims. Fifty-one percent (51%) of all claims paid during 2002 were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship are also reported. The three spans of years admitted to practice are: *under 4 years*, *4 to 10 years* and *more than 10 years*. The largest proportion of losses in 2002 — 91 percent — occurred among attorneys with *more than 10 years in practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service*, *non-client*, *member of pre-paid legal plan* and *client other than free legal service or pre-paid legal plan*. Most claims of 2002 — 88 percent — occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only nine companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 2002. The Bar Plan Mutual Insurance Company has commanded at least 75 percent of the legal malpractice insurance market in this state.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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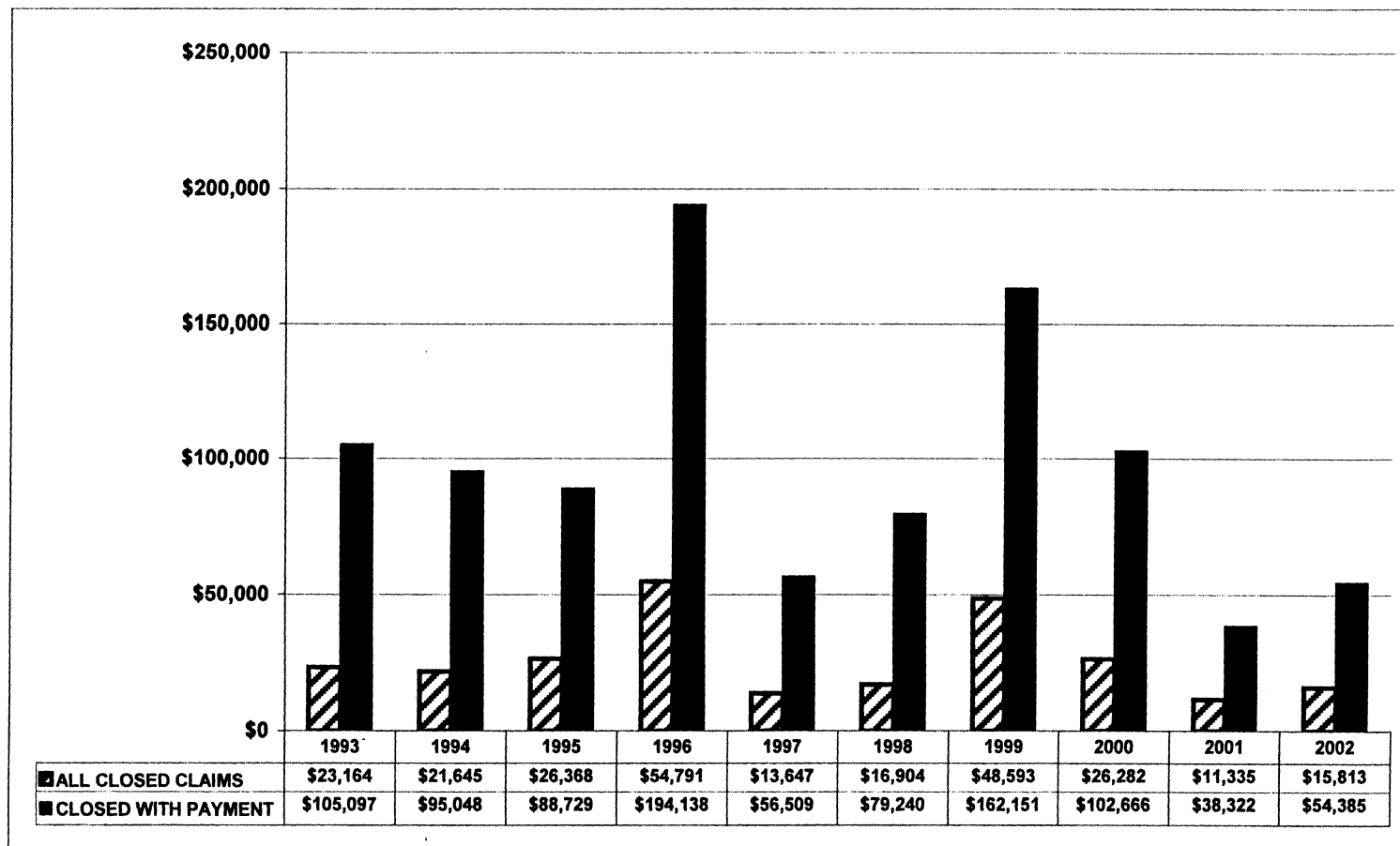
**TEN YEAR
SUMMARY
(1993 - 2002)**

LEGAL MALPRACTICE EXPERIENCE TEN YEAR SUMMARY (1993 – 2002)

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,638	100.0%	\$70,124,303	\$26,582	\$27,290,690	\$10,345
Closed with Payment	687	26.0%	\$70,124,303	\$102,073	\$17,155,210	\$24,971
Closed without Payment	1,951	74.0%	\$0	\$0	\$10,135,480	\$5,195
Claims Settled Through Court Proceedings	202	7.7%	\$8,073,893	\$39,970	\$7,948,318	\$39,348
Court Proceedings Resulting in Payment	46	1.7%	\$8,073,893	\$175,519	\$3,441,316	\$74,811

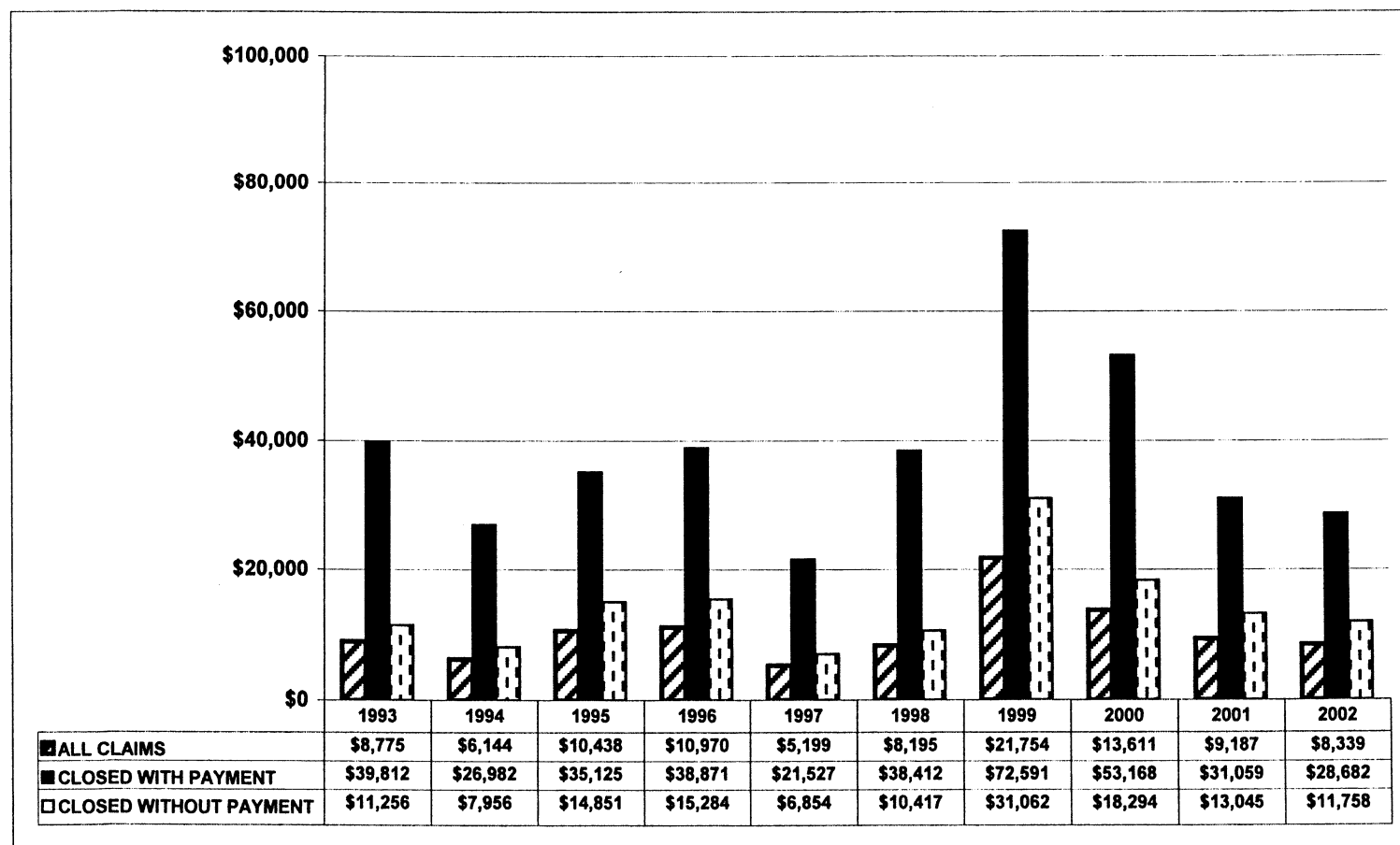
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID CLAIM



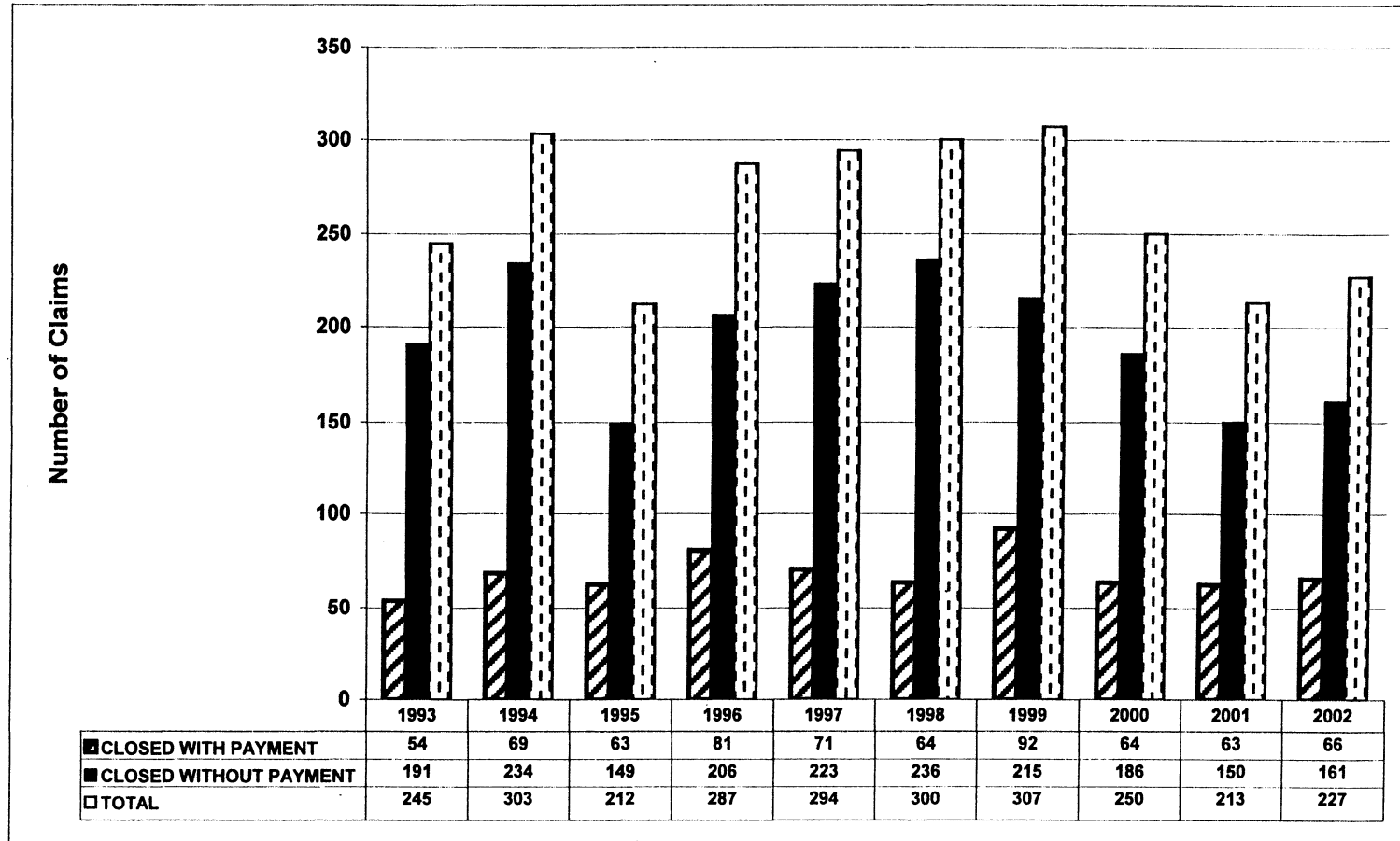
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT 1993 - 2002



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
AREA OF LAW**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1993 – 2002

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	702	264	38.43%	\$80,533	\$21,260,663	30.32%	\$6,225
FAMILY LAW	300	64	9.32%	\$48,725	\$3,118,415	4.45%	\$6,076
ESTATE, TRUST & PROBATE	294	84	12.23%	\$60,911	\$5,116,536	7.30%	\$8,198
COLLECTION & BANKRUPTCY	263	60	8.73%	\$70,502	\$4,230,146	6.03%	\$4,265
BUSINESS TRANSACTION/COMMERCIAL LAW	230	60	8.73%	\$204,504	\$12,270,262	17.50%	\$24,241
REAL ESTATE	219	46	6.70%	\$21,429	\$985,747	1.41%	\$5,908
CRIMINAL	115	11	1.60%	\$30,795	\$338,750	0.48%	\$3,439
WORKERS COMPENSATION	100	28	4.08%	\$32,510	\$910,290	1.30%	\$3,252
BI/PD - DEFENDANT	93	16	2.33%	\$198,396	\$3,174,330	4.53%	\$7,370
CORPORATE & BUSINESS ORGANIZATION	66	13	1.89%	\$112,692	\$1,465,000	2.09%	\$19,066
CIVIL RIGHTS & COMMISSION	50	4	0.58%	\$184,500	\$738,000	1.05%	\$6,861
LABOR LAW	35	7	1.02%	\$133,214	\$932,500	1.33%	\$11,735
SECURITIES (S.E.C.)	34	4	0.58%	\$3,098,702	\$12,394,809	17.68%	\$145,943
CONSUMER CLAIMS	33	3	0.44%	\$32,050	\$96,150	0.14%	\$10,444
LOCAL GOVERNMENT	26	3	0.44%	\$6,000	\$18,000	0.03%	\$12,894
TAXATION	26	8	1.16%	\$77,312	\$618,499	0.88%	\$19,971
PATENTS, TRADEMARKS, COPYRIGHTS	22	5	0.73%	\$65,000	\$325,000	0.46%	\$19,543
CONSTRUCTION (BUILDING CONTRACTS)	9	3	0.44%	\$148,333	\$445,000	0.63%	\$16,249
GOVERNMENT CONTRACTS & CLAIMS	7	2	0.29%	\$833,631	\$1,667,262	2.38%	\$46,677
ANTITRUST	6	1	0.15%	\$0	\$3,945	0.01%	\$20,953
IMMIGRATION & NATURALIZATION	6	0	0.00%	\$0	\$0	0.00%	\$12,520
ADMIRALTY	2	1	0.15%	\$15,000	\$15,000	0.02%	\$6,718
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

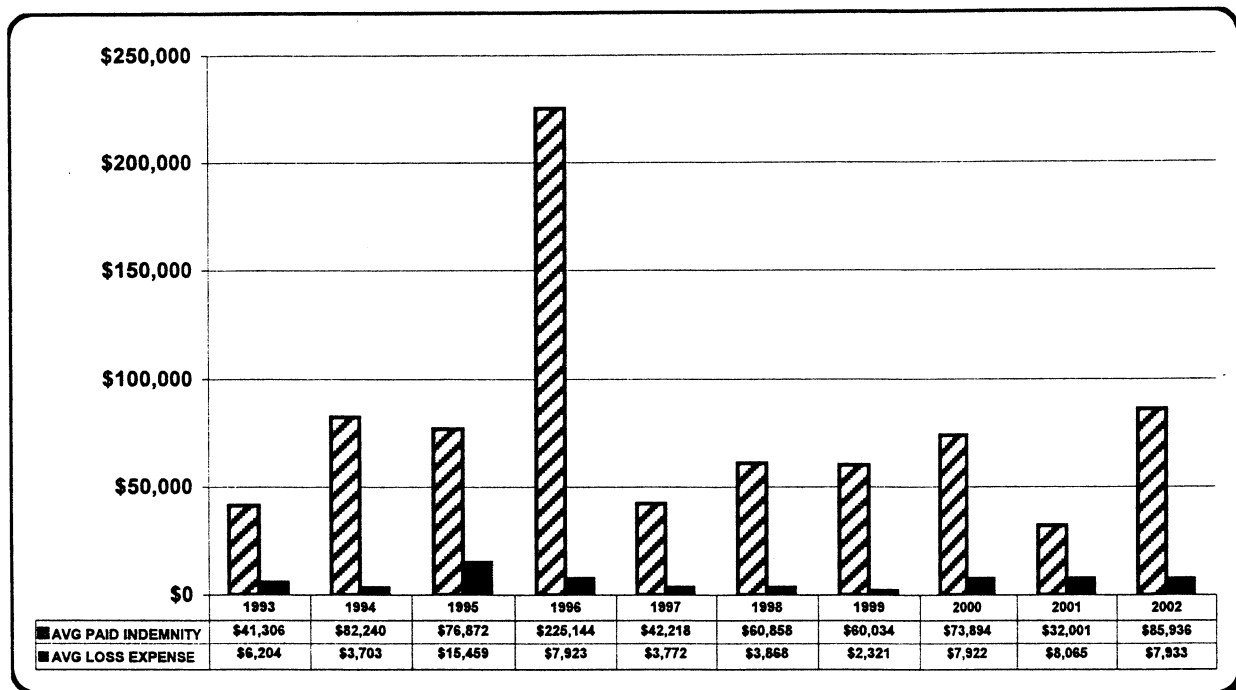
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2002

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	58	23	34.85%	\$85,936	\$1,976,517	55.06%	\$7,933
ESTATE, TRUST & PROBATE	38	11	16.67%	\$38,876	\$427,631	11.91%	\$10,511
FAMILY LAW	30	7	10.61%	\$20,500	\$143,500	4.00%	\$4,665
COLLECTION & BANKRUPTCY	22	8	12.12%	\$18,414	\$147,308	4.10%	\$5,276
BUSINESS TRANSACTION/COMMERCIAL LAW	19	6	9.09%	\$84,875	\$509,250	14.19%	\$13,823
REAL ESTATE	17	4	6.06%	\$17,500	\$70,001	1.95%	\$3,148
CORPORATE & BUSINESS ORGANIZATION	10	2	3.03%	\$65,000	\$130,000	3.62%	\$22,718
CRIMINAL	9	1	1.52%	\$100,000	\$100,000	2.79%	\$3,085
WORKERS COMPENSATION	9	3	4.55%	\$11,745	\$35,234	0.98%	\$3,758
CIVIL RIGHTS & COMMISSION	4	0	0.00%	\$0	\$0	0.00%	\$4,440
BI/PD - DEFENDANT	3	0	0.00%	\$0	\$0	0.00%	\$0
LOCAL GOVERNMENT	3	0	0.00%	\$0	\$0	0.00%	\$327
CONSTRUCTION (BUILDING CONTRACTS)	1	0	0.00%	\$0	\$0	0.00%	\$9,717
CONSUMER CLAIMS	1	0	0.00%	\$0	\$0	0.00%	\$2,624
LABOR LAW	1	0	0.00%	\$0	\$0	0.00%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	1	1.52%	\$0	\$50,000	1.39%	\$141,456
TAXATION	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

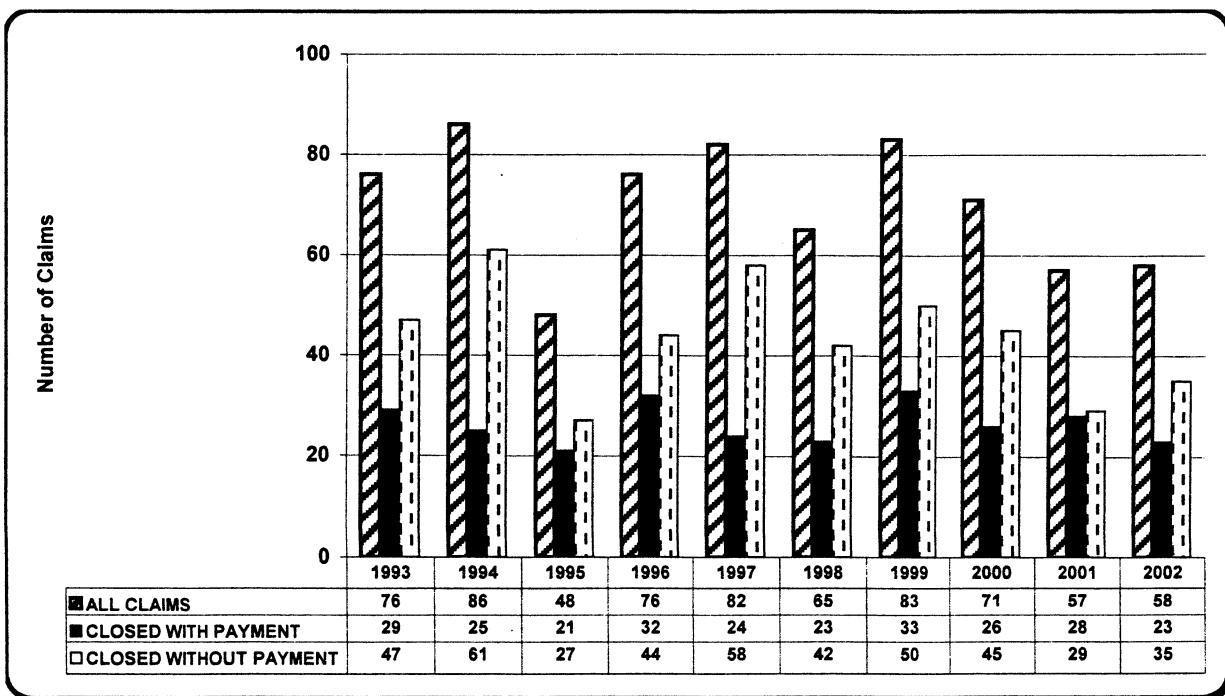
**TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 2002**

PERSONAL INJURY/PROPERTY DAMAGE - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

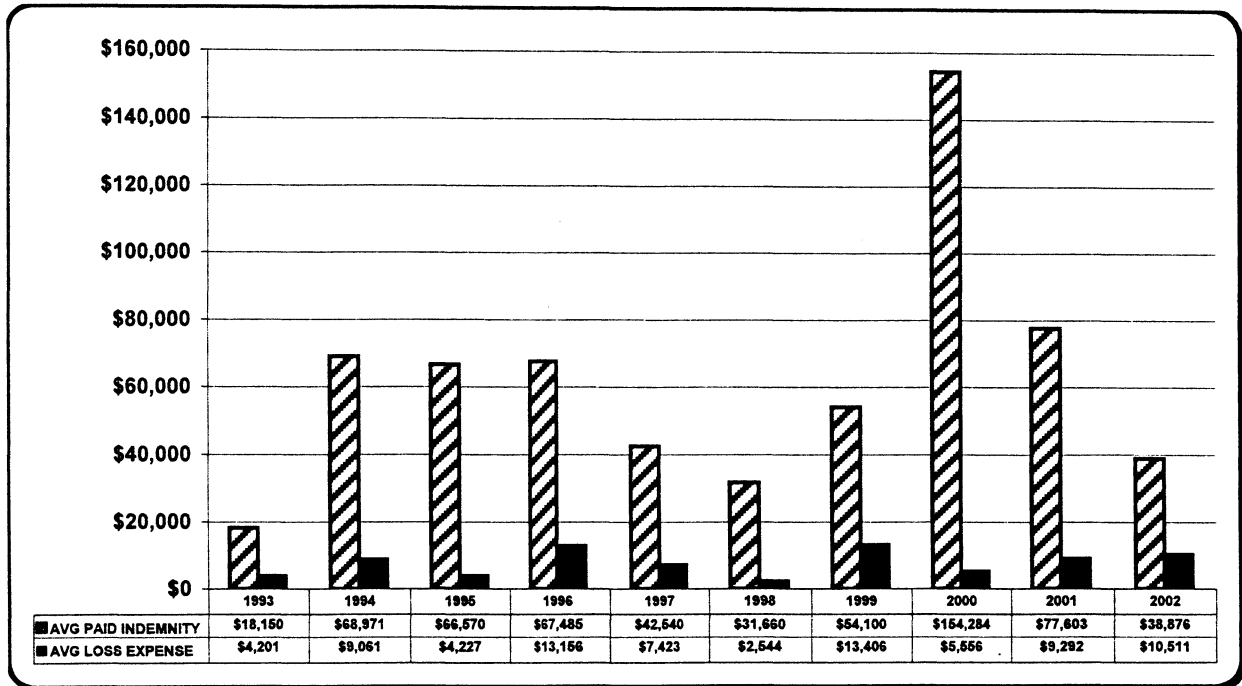


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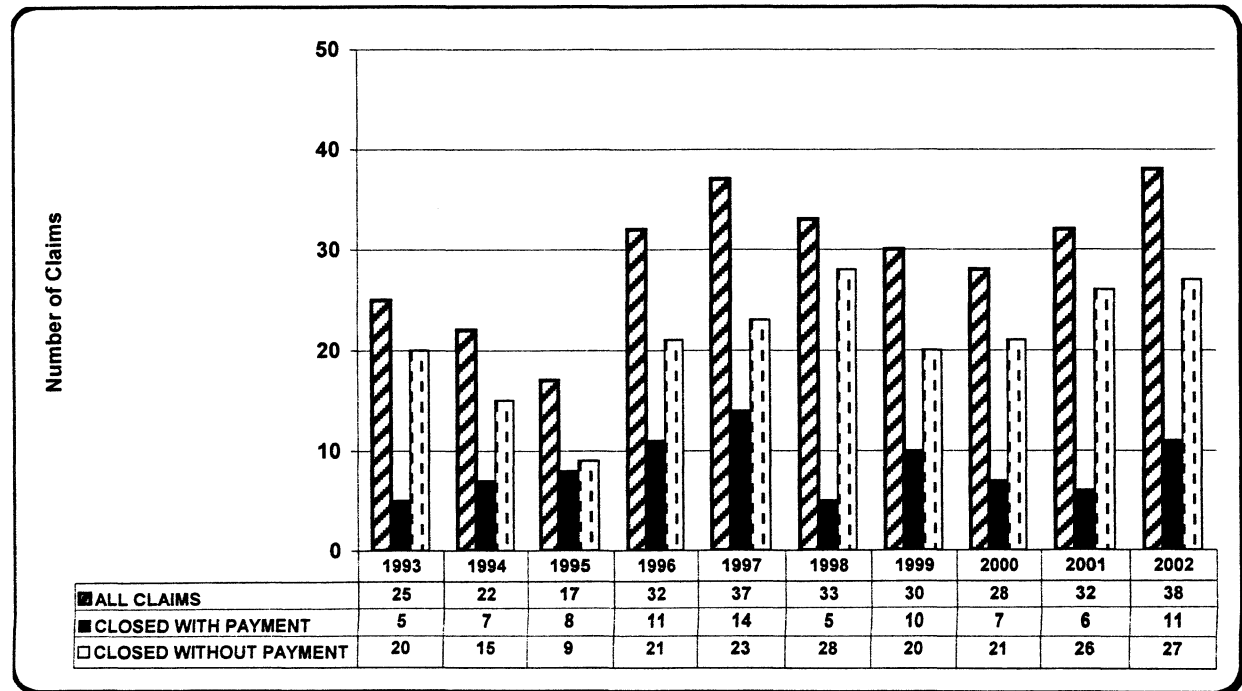


ESTATE, TRUST & PROBATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

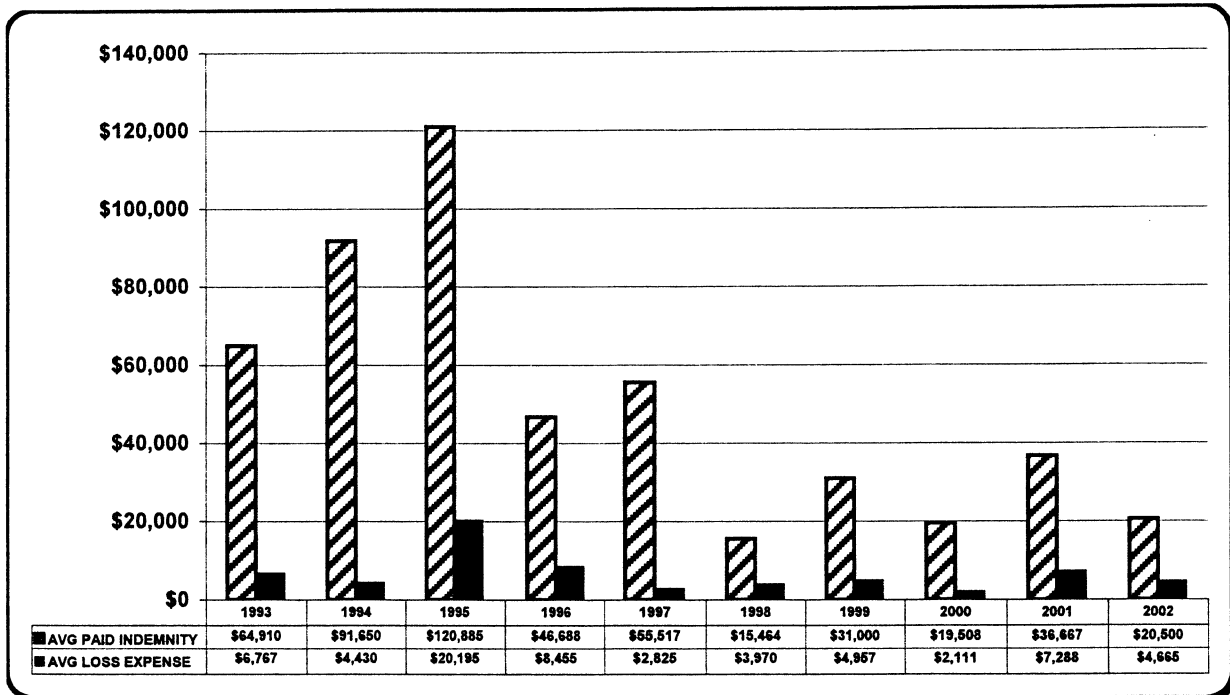


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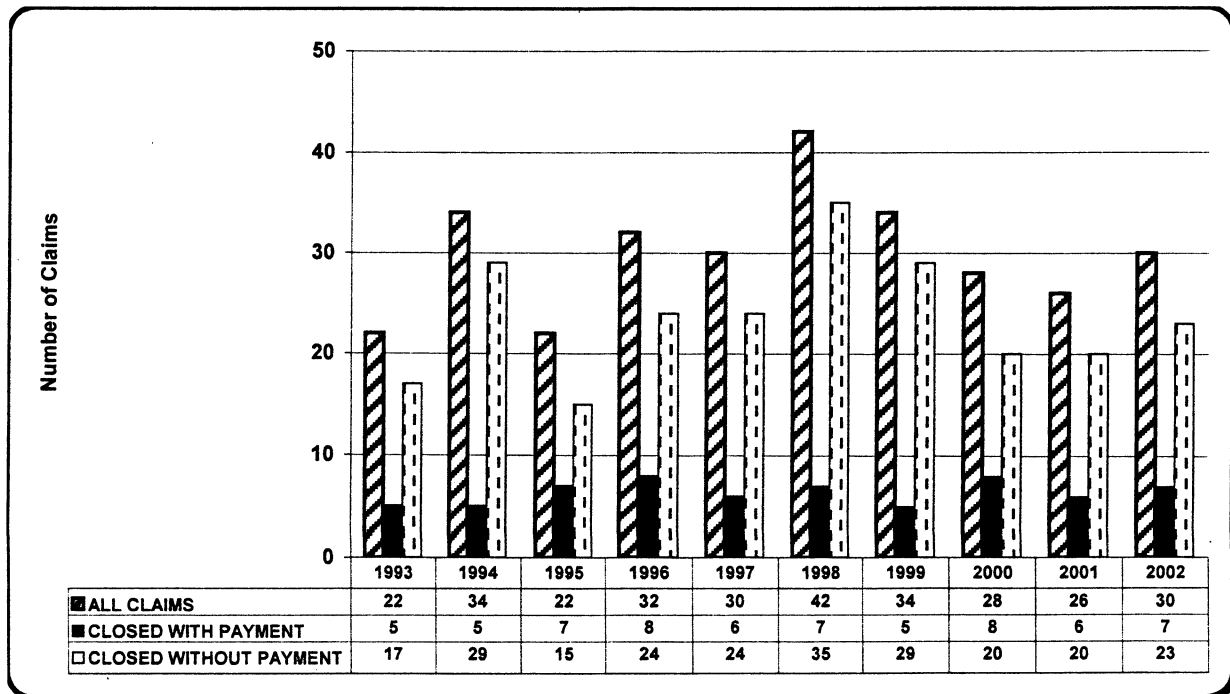


FAMILY LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

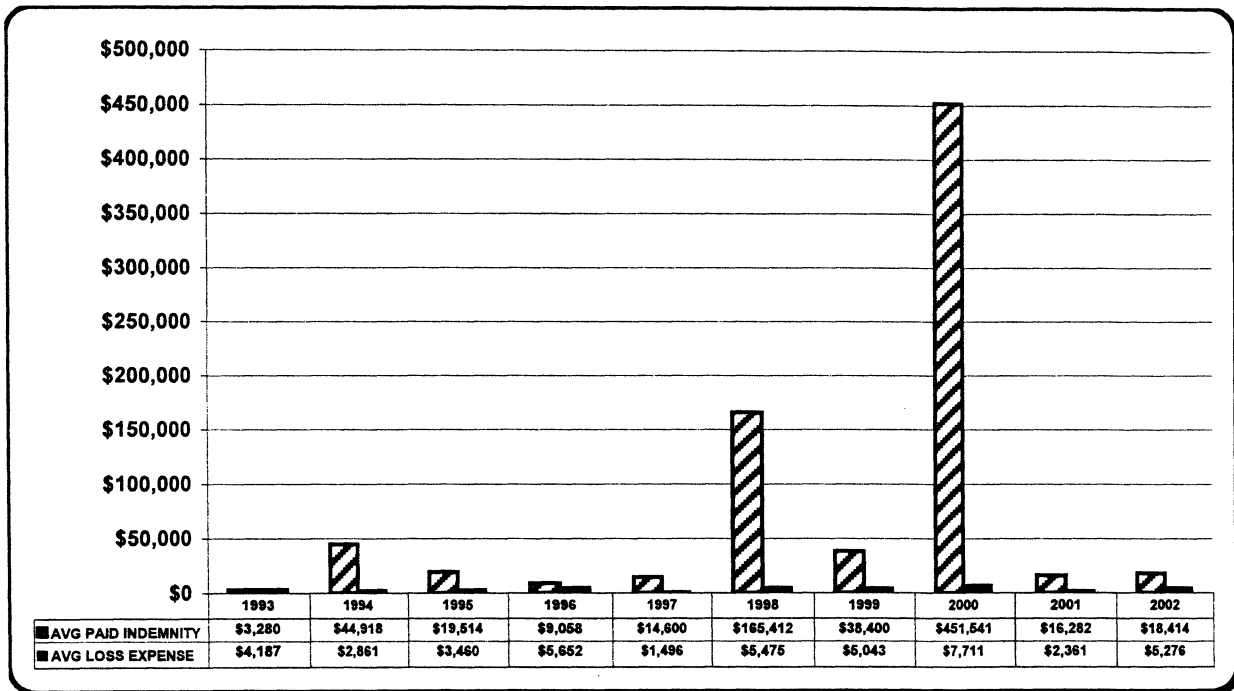


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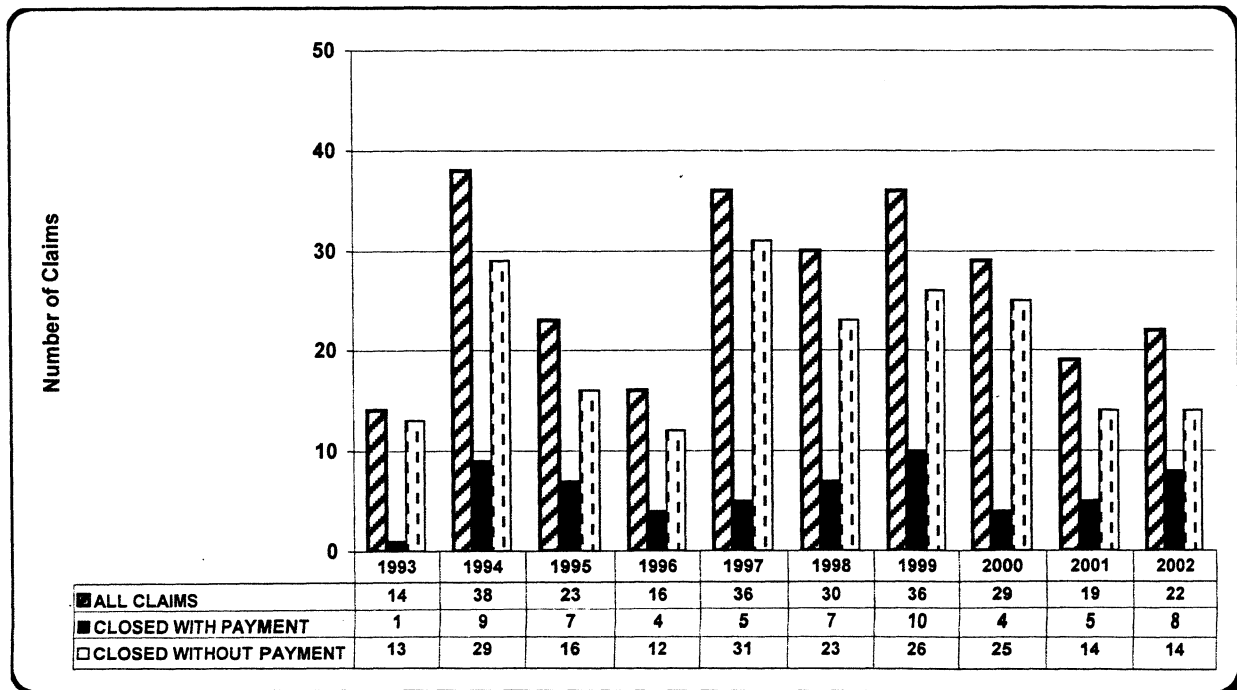


COLLECTION & BANKRUPTCY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

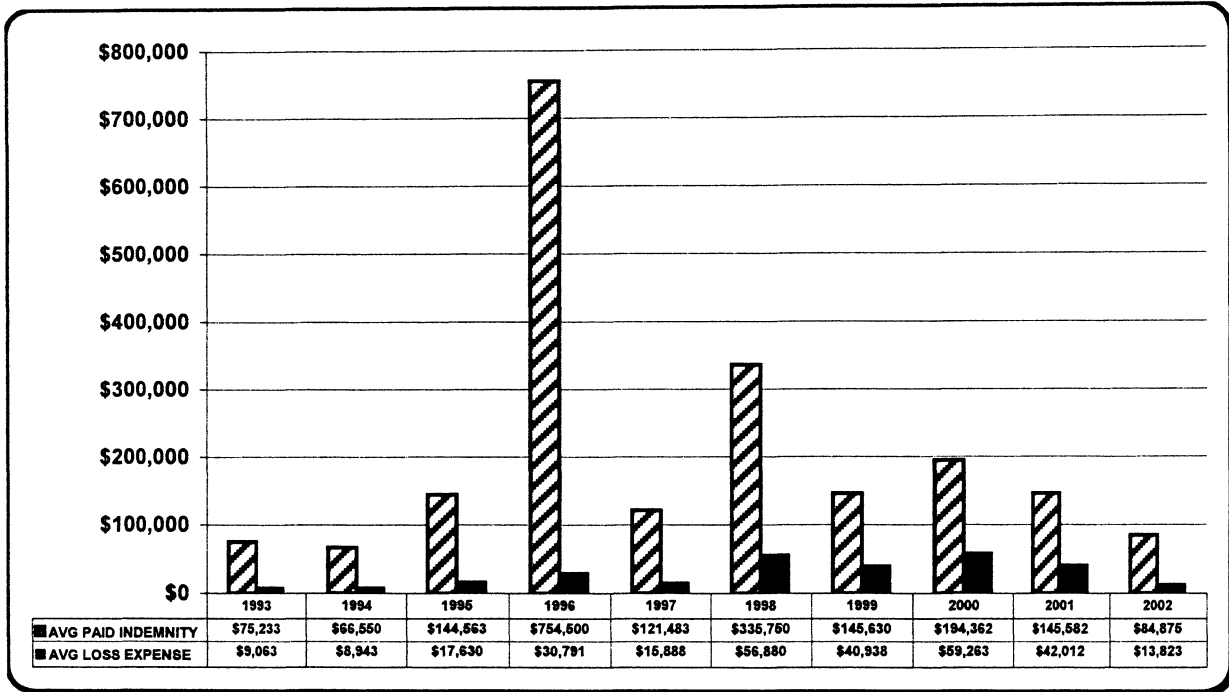


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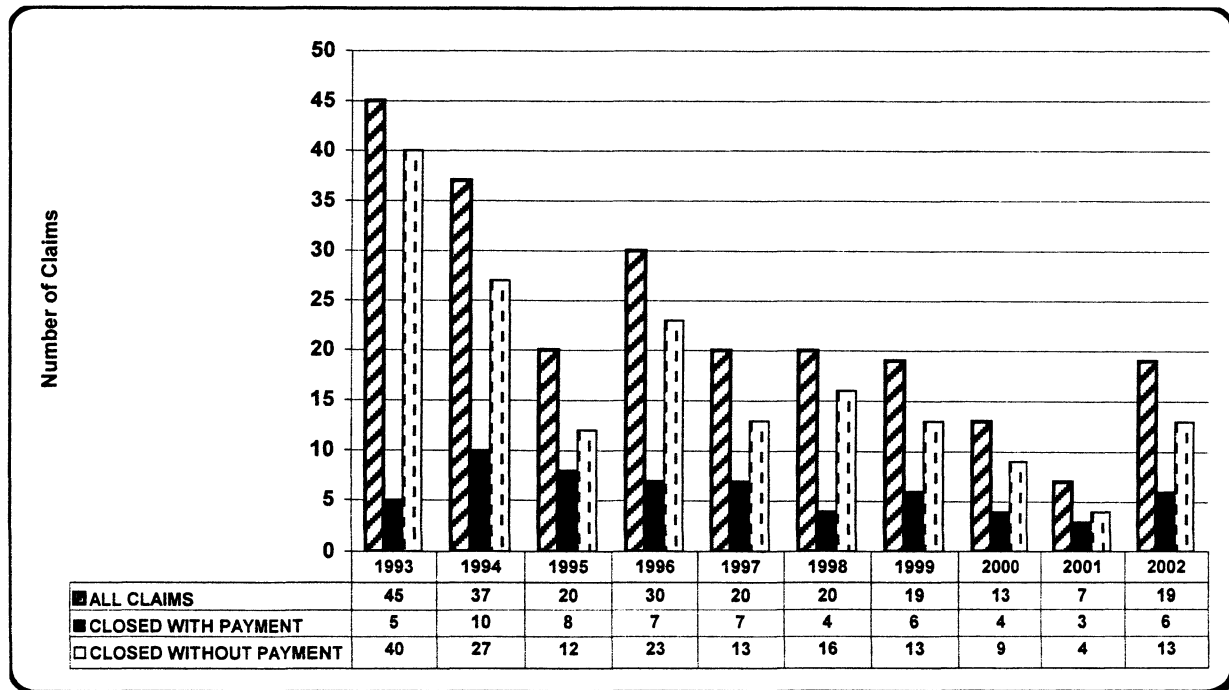


BUSINESS TRANSACTION/COMMERCIAL LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

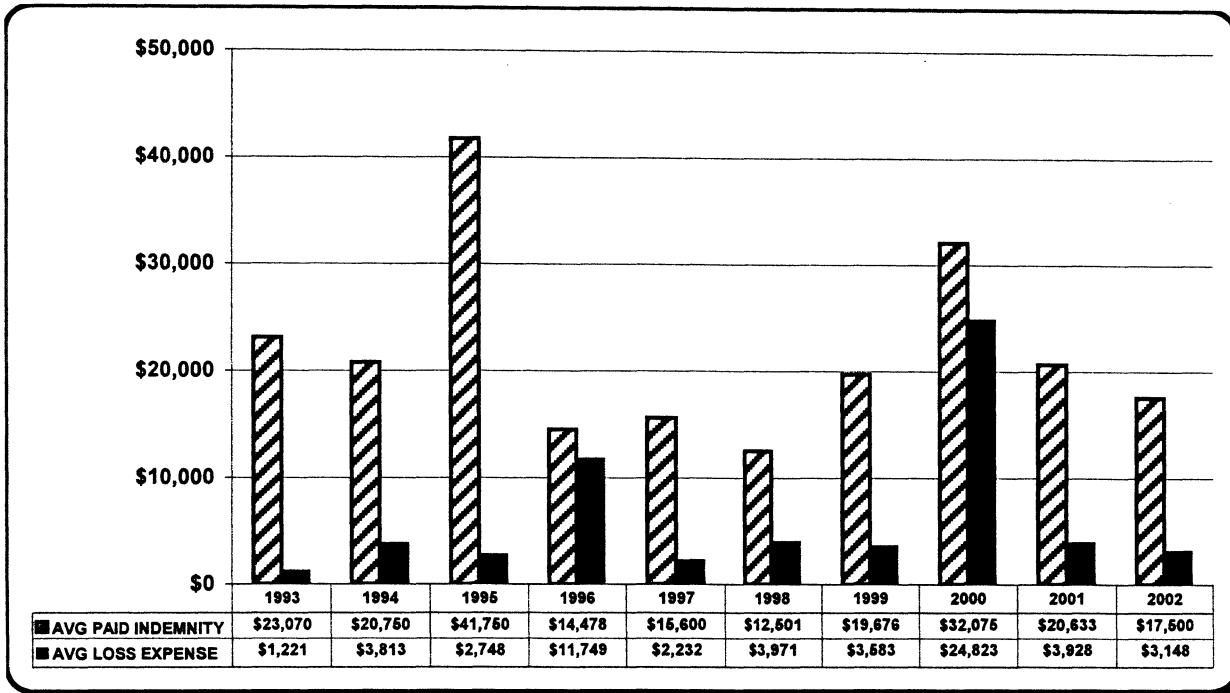


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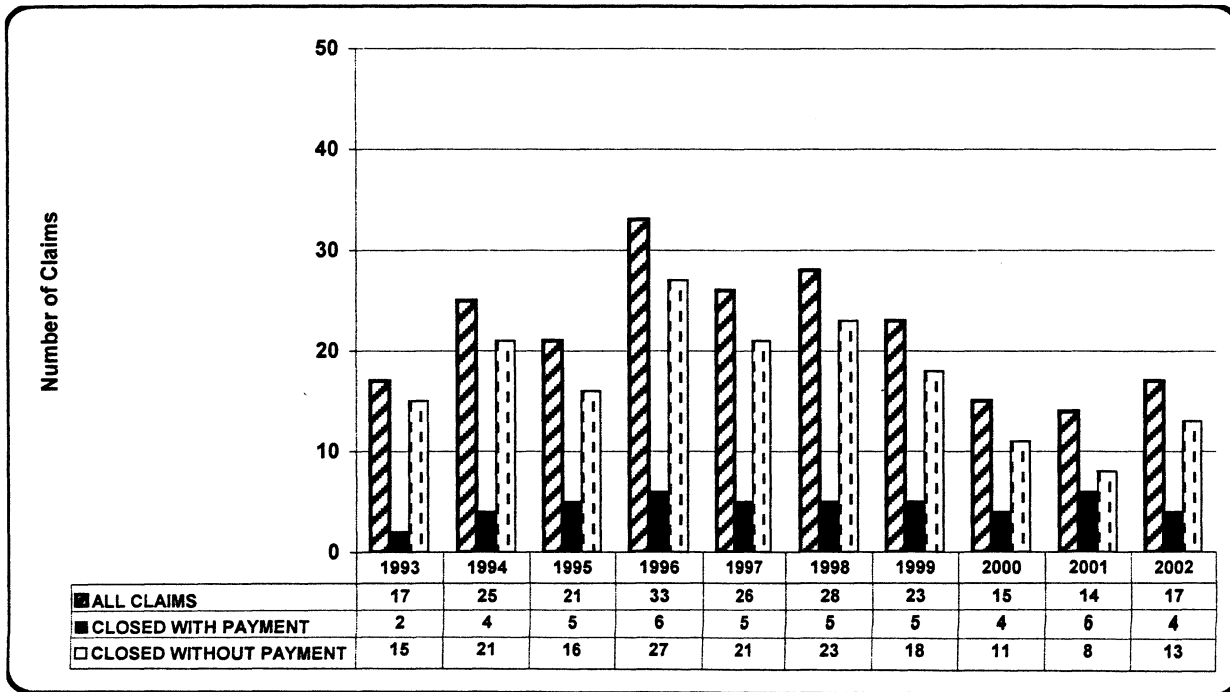


REAL ESTATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

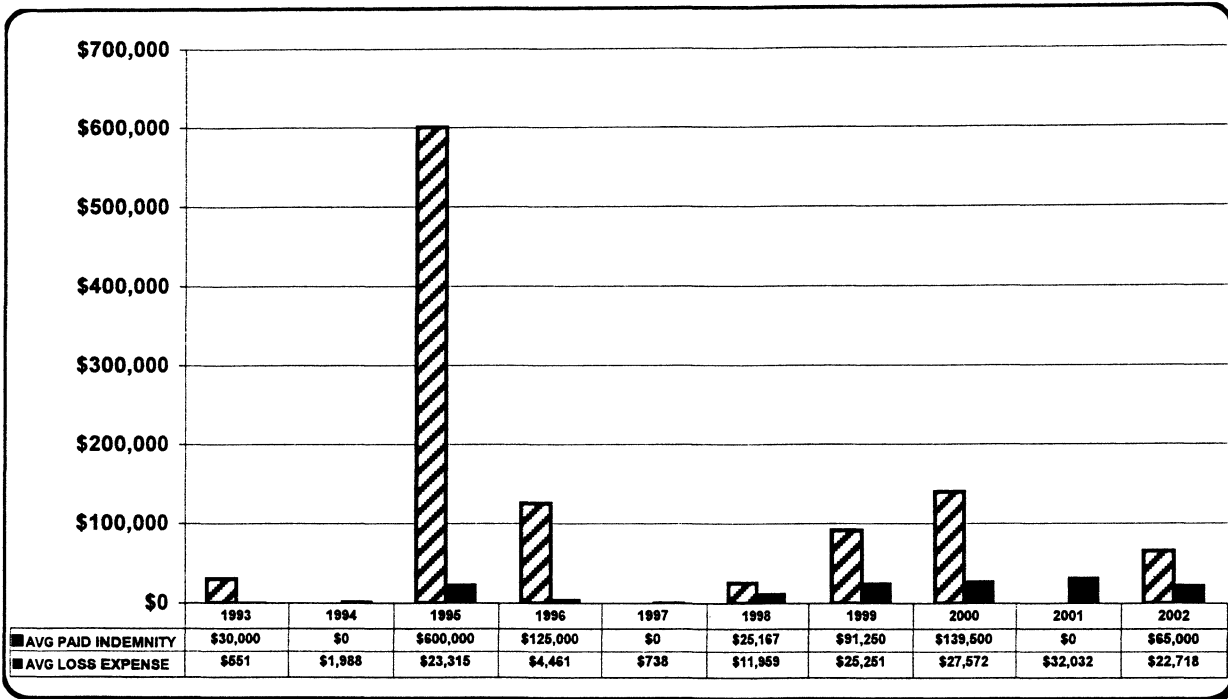


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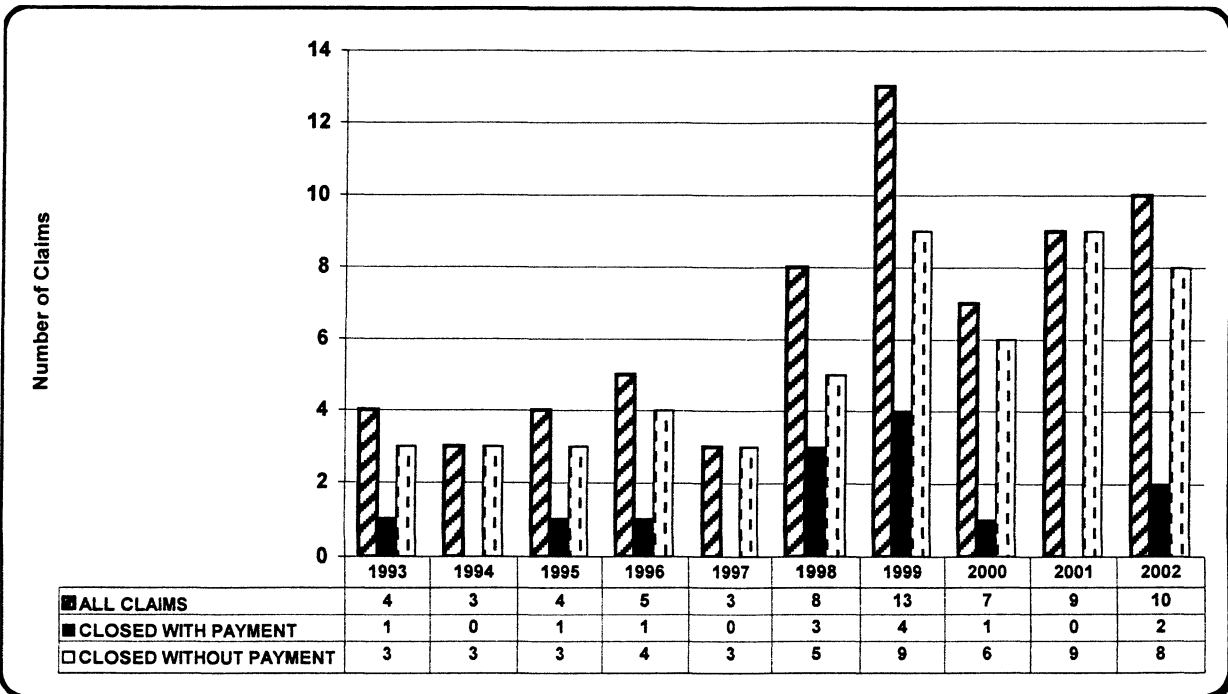


CORPORATE & BUSINESS ORGANIZATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

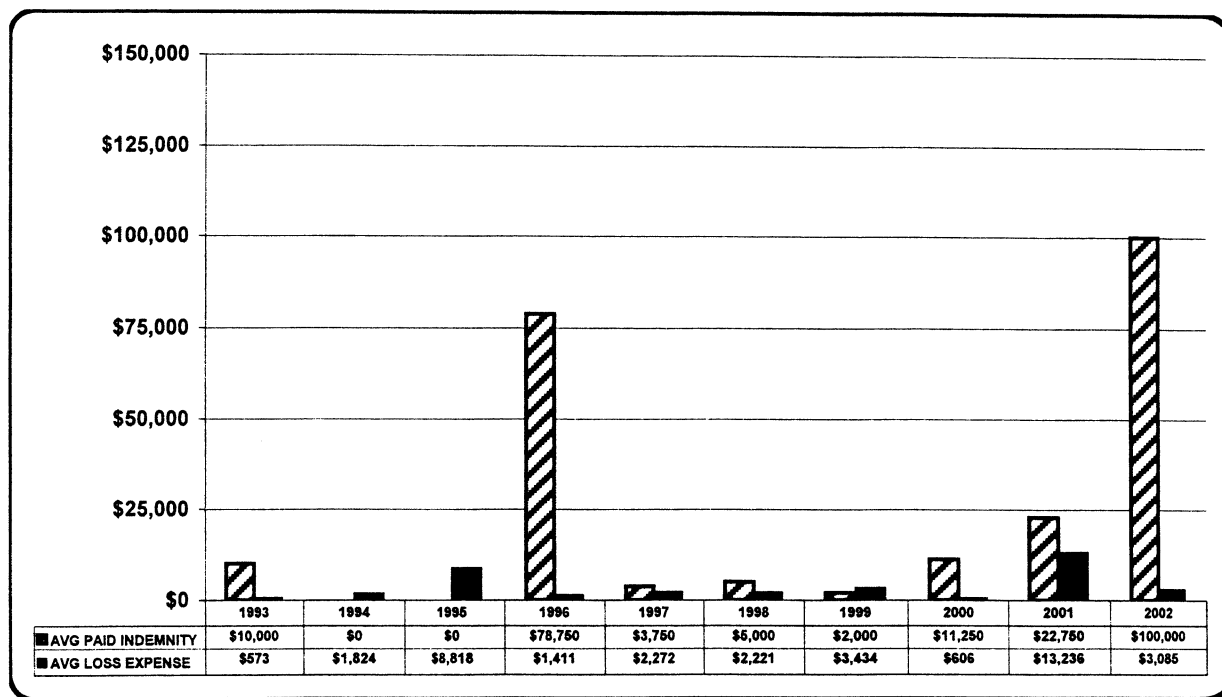


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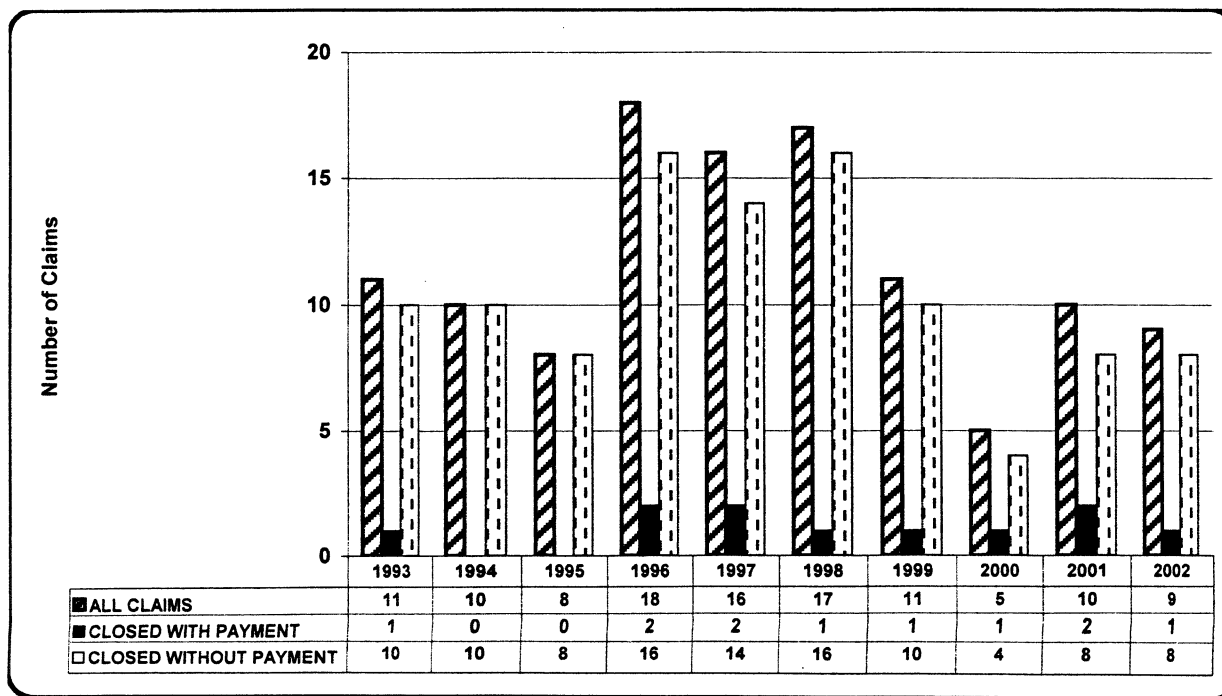


CRIMINAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

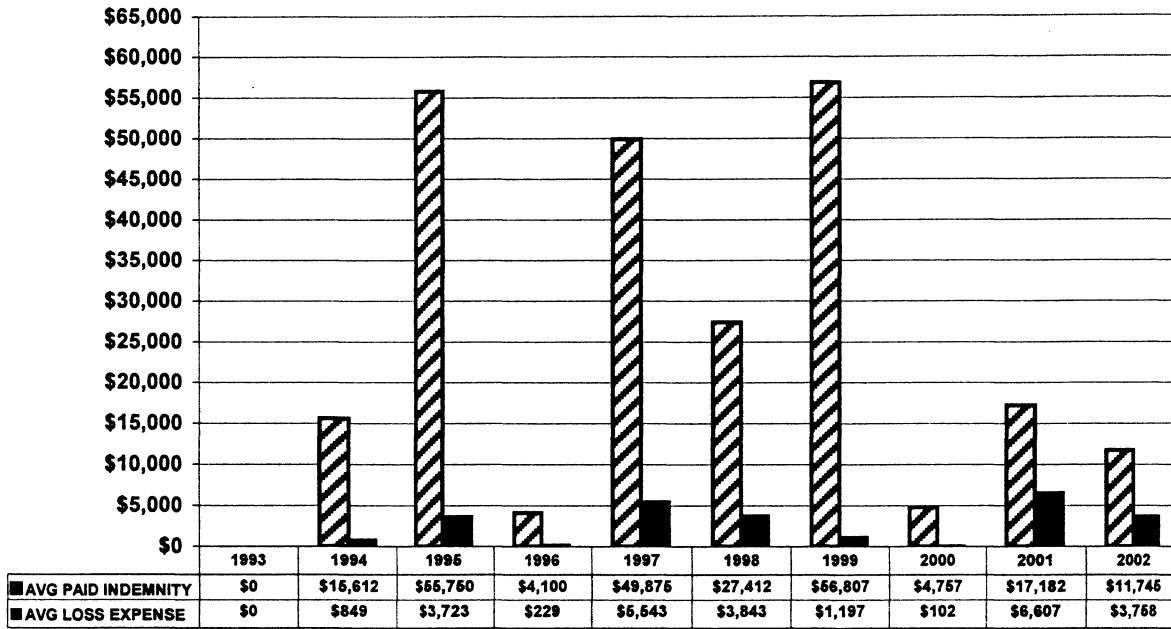


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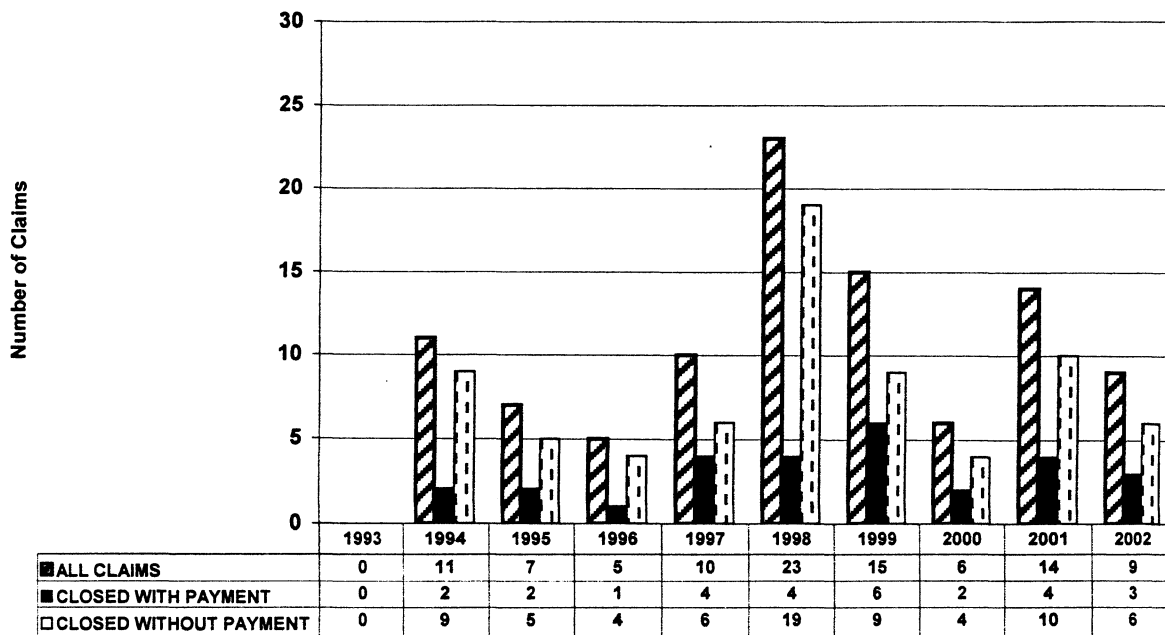


WORKERS COMPENSATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

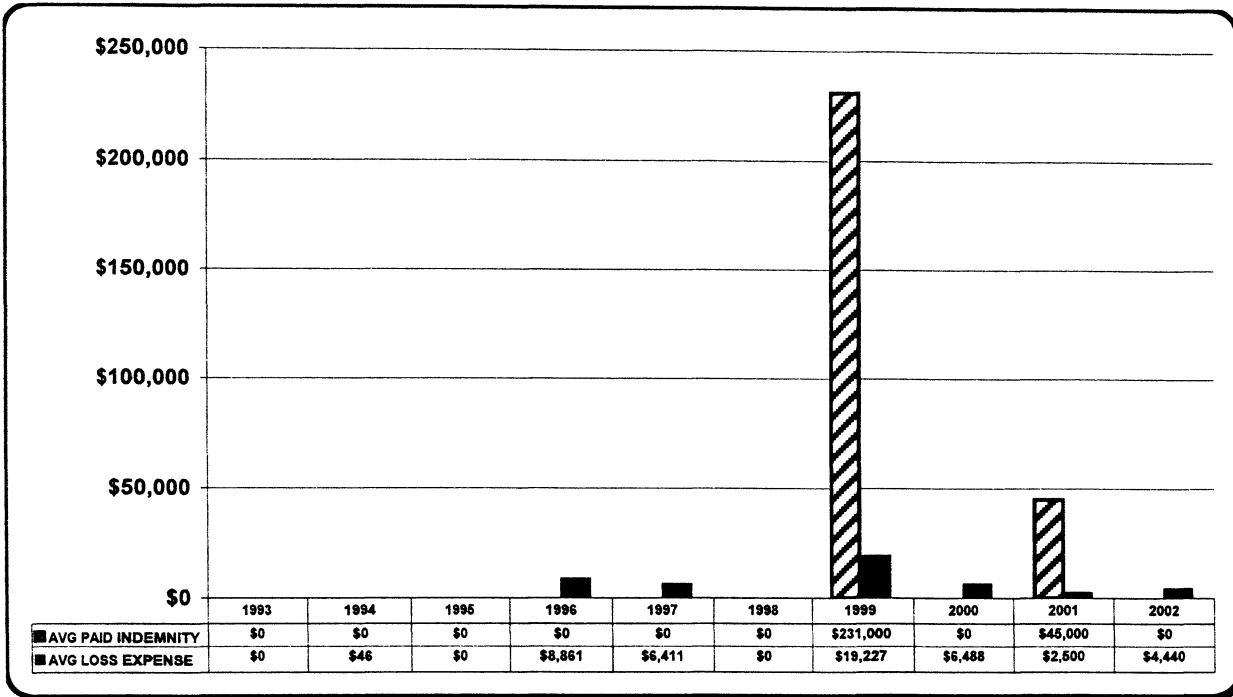


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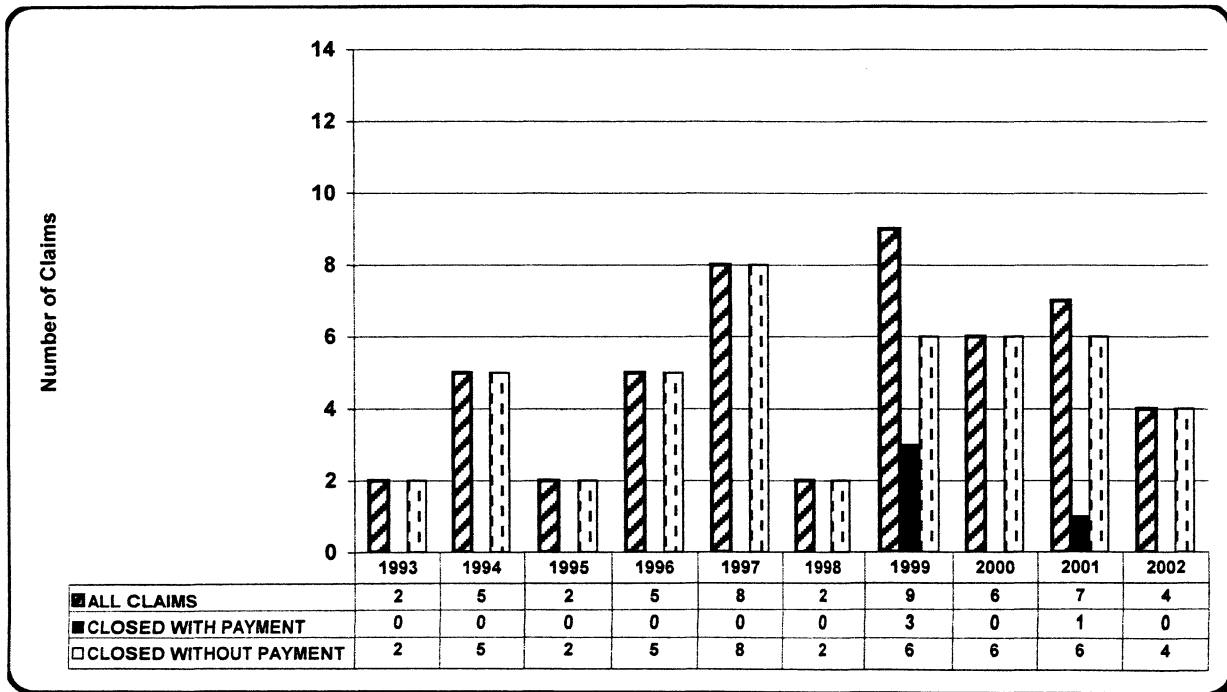


CIVIL RIGHTS & COMMISSION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
MAJOR ACTIVITY**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1993 – 2002

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	707	228	33.19%	\$69,548	\$15,857,014	22.61%	\$5,088
PREPARATION, TRANSMITTAL OR FILING	332	98	14.26%	\$84,019	\$8,233,879	11.74%	\$9,563
SETTLEMENT AND NEGOTIATION	327	70	10.19%	\$109,619	\$7,673,359	10.94%	\$11,132
PRE-TRIAL, PRE-HEARING	290	87	12.66%	\$82,690	\$7,193,991	10.26%	\$6,301
OTHER	288	46	6.70%	\$69,110	\$3,179,047	4.53%	\$7,490
CONSULTATION OR ADVICE	184	44	6.40%	\$395,144	\$17,386,330	24.79%	\$40,968
TRIAL OR HEARING	148	28	4.08%	\$91,755	\$2,569,130	3.66%	\$8,170
EXPARTE PROCEEDINGS	96	25	3.64%	\$33,216	\$830,404	1.18%	\$8,410
APPEAL ACTIVITIES	58	11	1.60%	\$24,365	\$268,013	0.38%	\$3,869
INVESTIGATION, OTHER THAN LITIGATION	57	15	2.18%	\$263,906	\$3,958,585	5.65%	\$21,982
POST TRIAL OR HEARING	57	12	1.75%	\$14,503	\$174,036	0.25%	\$3,885
OTHER WRITTEN OPINION	37	9	1.31%	\$178,236	\$1,604,120	2.29%	\$16,566
TAX REPORTING OR PAYMENT	23	8	1.16%	\$76,996	\$615,970	0.88%	\$27,891
REFERRAL TO ANOTHER PROFESSIONAL	17	4	0.58%	\$141,250	\$565,000	0.81%	\$13,389
TITLE OPINION	17	2	0.29%	\$7,713	\$15,425	0.02%	\$9,305
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

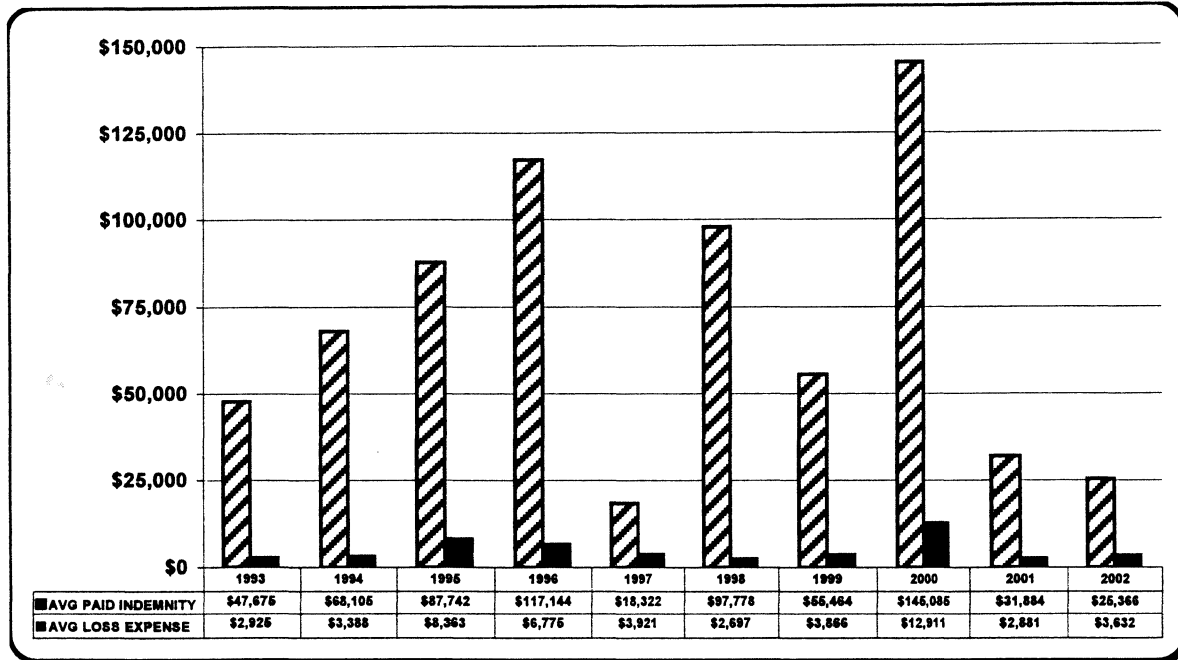
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2002

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	55	26	39.39%	\$25,366	\$659,527	18.37%	\$3,632
OTHER	37	6	9.09%	\$44,375	\$266,250	7.42%	\$13,746
PREPARATION, TRANSMITTAL OR FILING	29	8	12.12%	\$45,023	\$360,185	10.03%	\$10,962
SETTLEMENT AND NEGOTIATION	28	6	9.09%	\$46,050	\$276,300	7.70%	\$7,352
PRE-TRIAL, PRE-HEARING	17	4	6.06%	\$40,125	\$160,500	4.47%	\$6,321
TRIAL OR HEARING	16	3	4.55%	\$453,854	\$1,361,563	37.93%	\$22,118
CONSULTATION OR ADVICE	15	3	4.55%	\$127,000	\$381,000	10.61%	\$9,155
EXPARTE PROCEEDINGS	11	3	4.55%	\$9,982	\$29,946	0.83%	\$559
INVESTIGATION, OTHER THAN LITIGATION	7	3	4.55%	\$16,333	\$49,000	1.37%	\$2,638
APPEAL ACTIVITIES	4	0	0.00%	\$0	\$0	0.00%	\$6,305
POST TRIAL OR HEARING	3	3	4.55%	\$11,582	\$34,745	0.97%	\$2,487
REFERRAL TO ANOTHER PROFESSIONAL	2	0	0.00%	\$0	\$0	0.00%	\$2,486
TITLE OPINION	2	1	1.52%	\$10,425	\$10,425	0.29%	\$4
TAX REPORTING OR PAYMENT	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

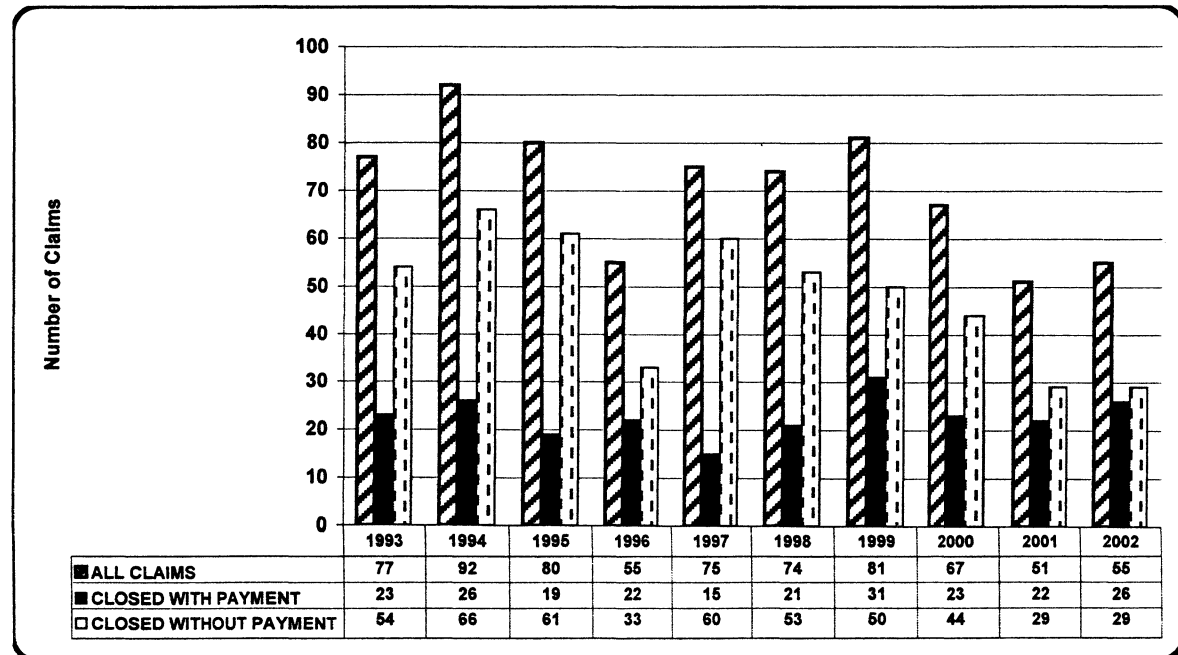
**TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 2002**

COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

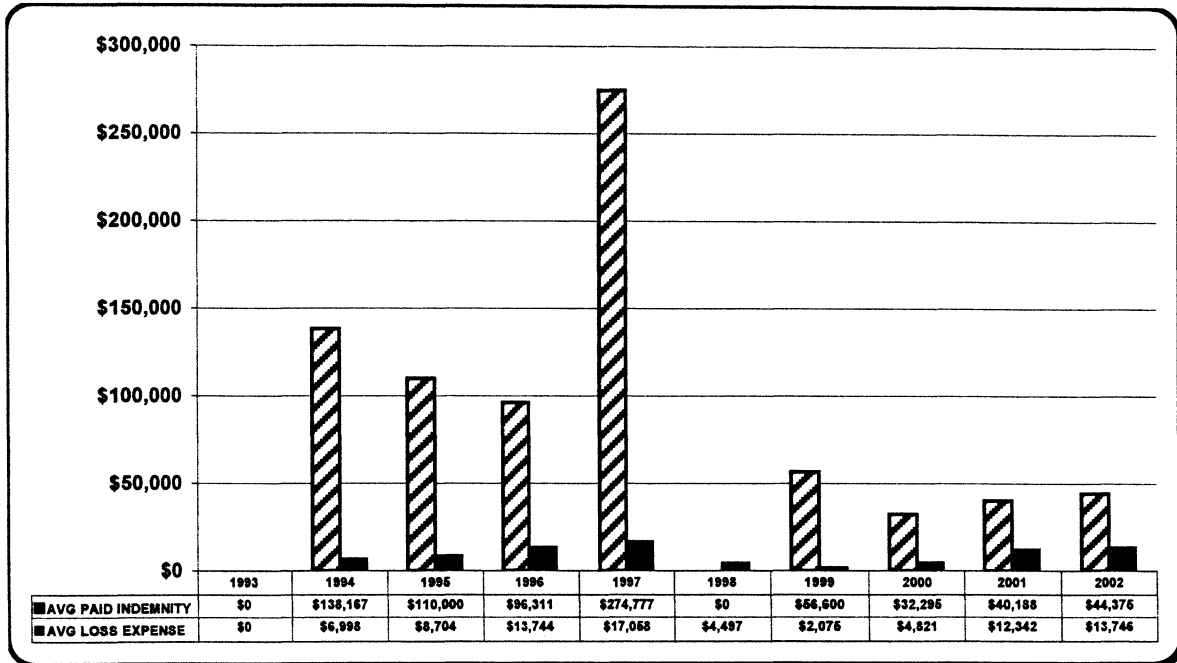


CLAIM COUNT

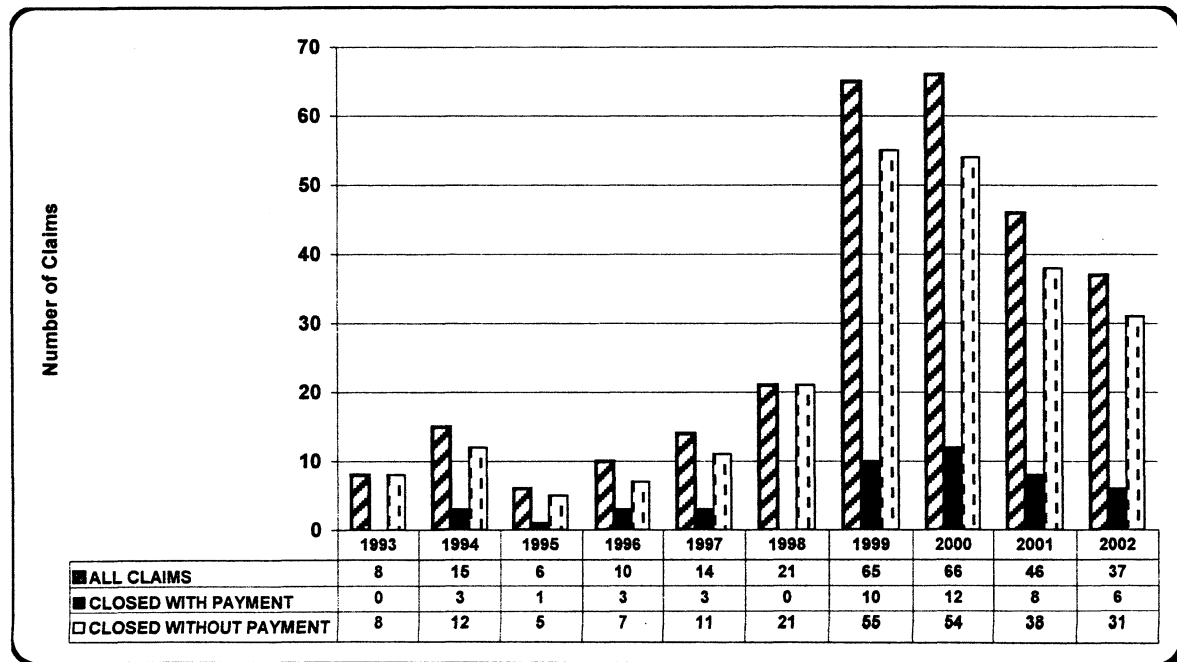


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

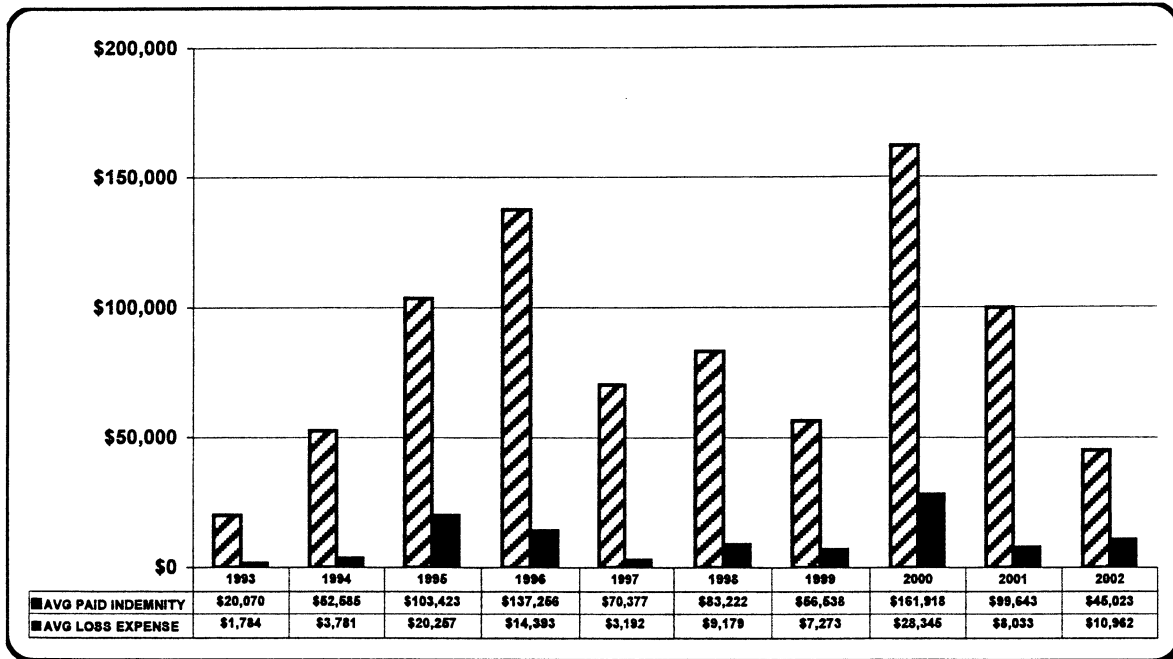


CLAIM COUNT

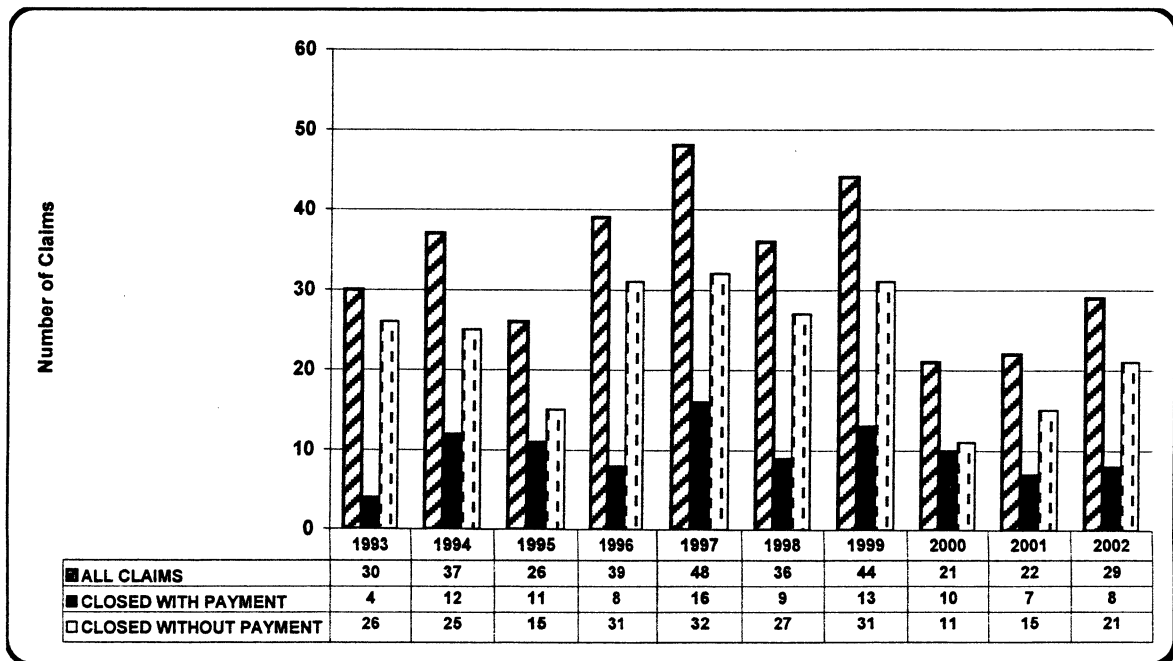


PREPARATION, TRANSMITTAL OR FILING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

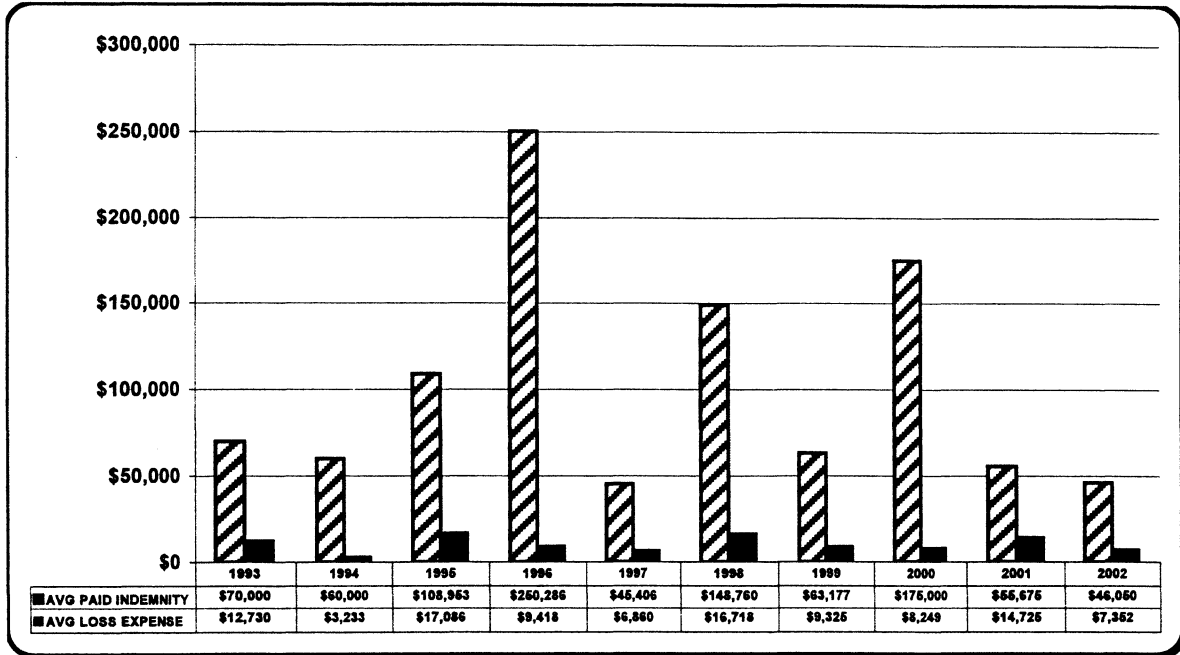


CLAIM COUNT

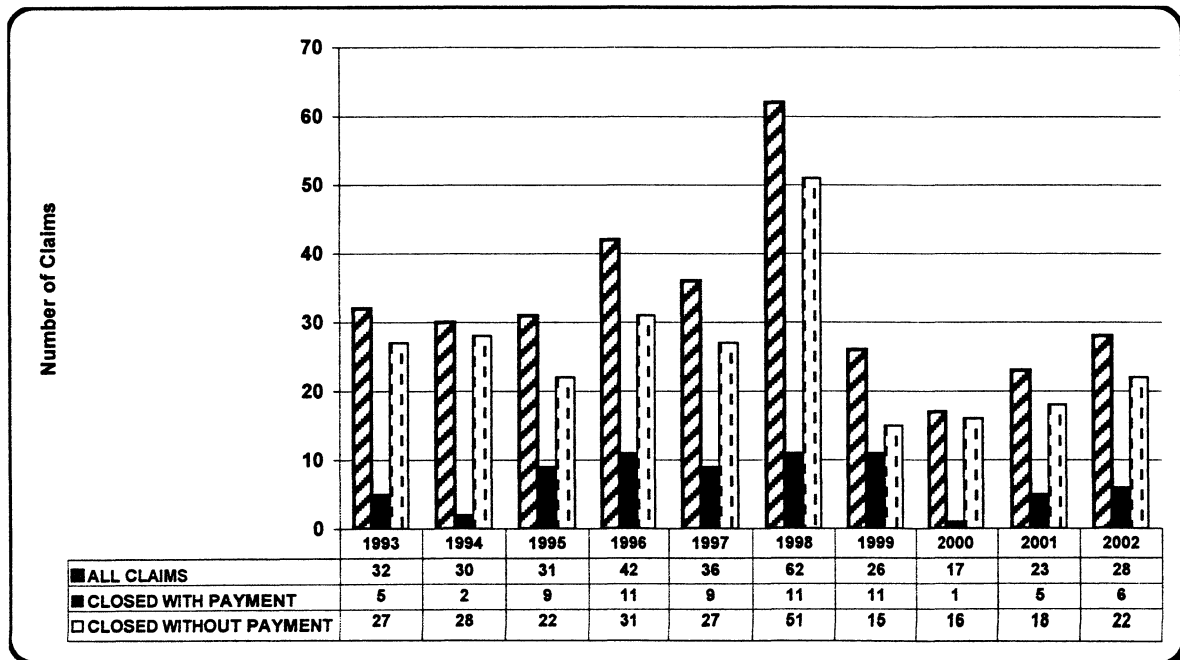


SETTLEMENT AND NEGOTIATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

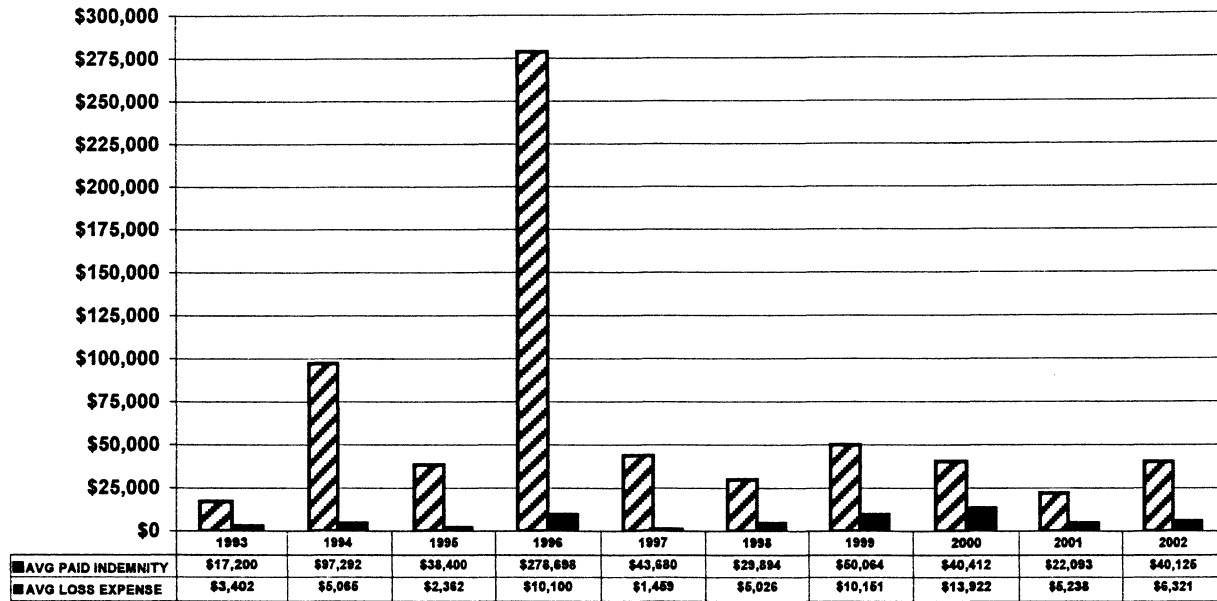


CLAIM COUNT

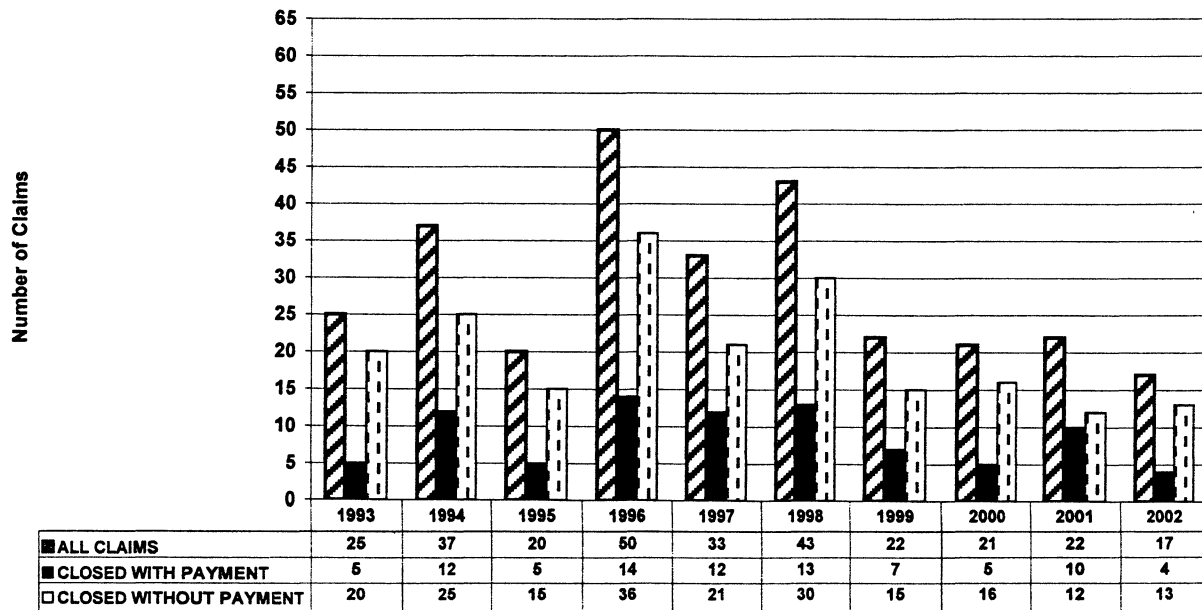


PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

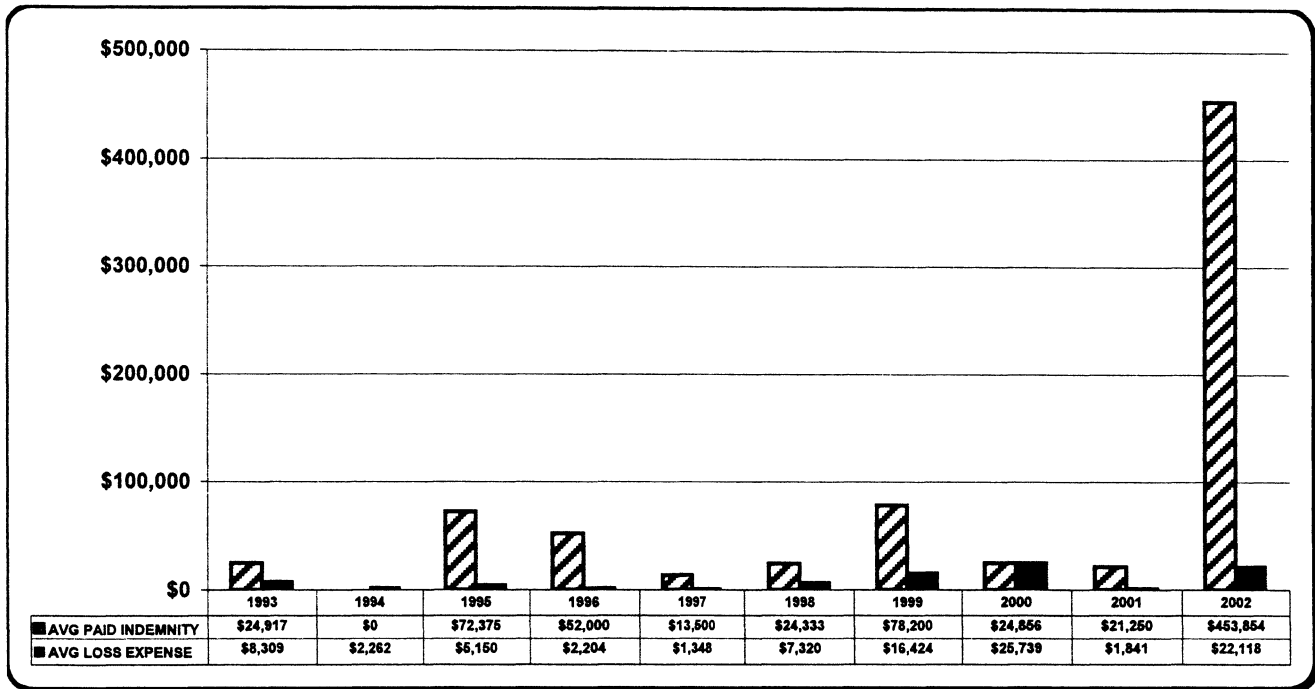


CLAIM COUNT

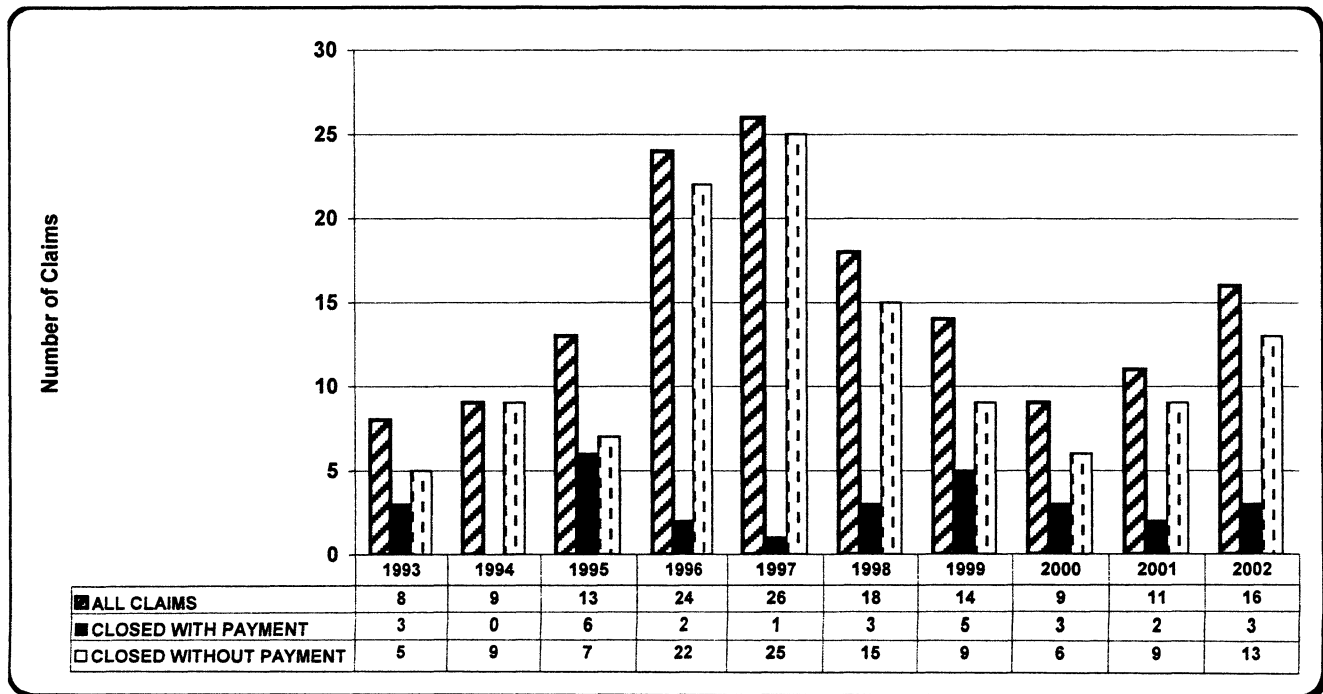


TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

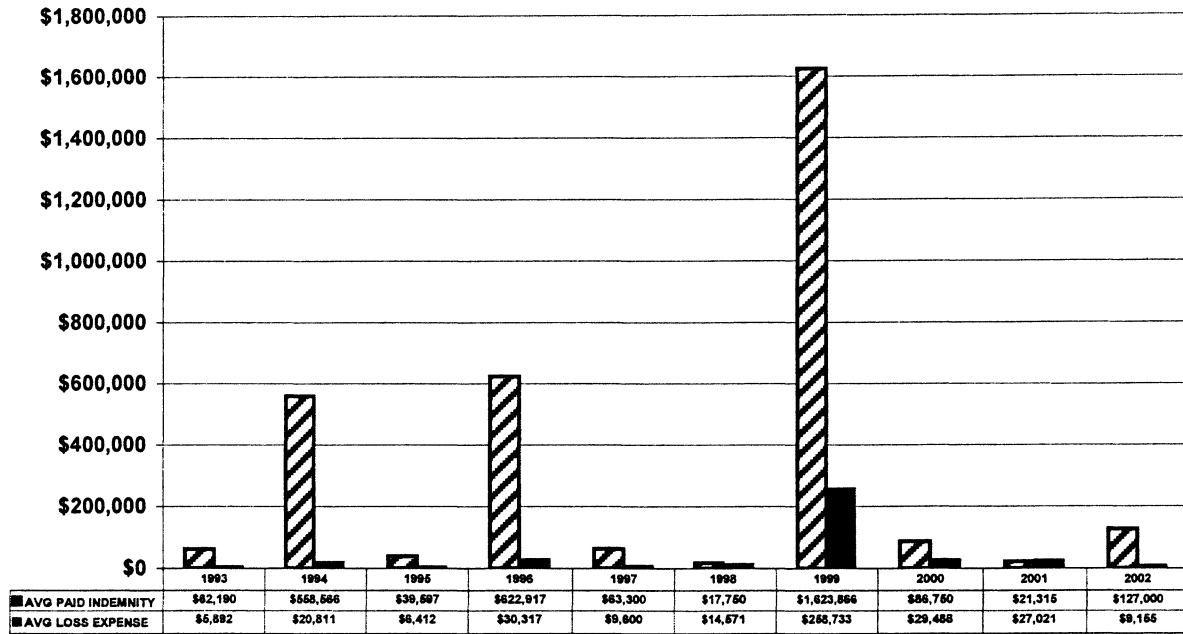


CLAIM COUNT

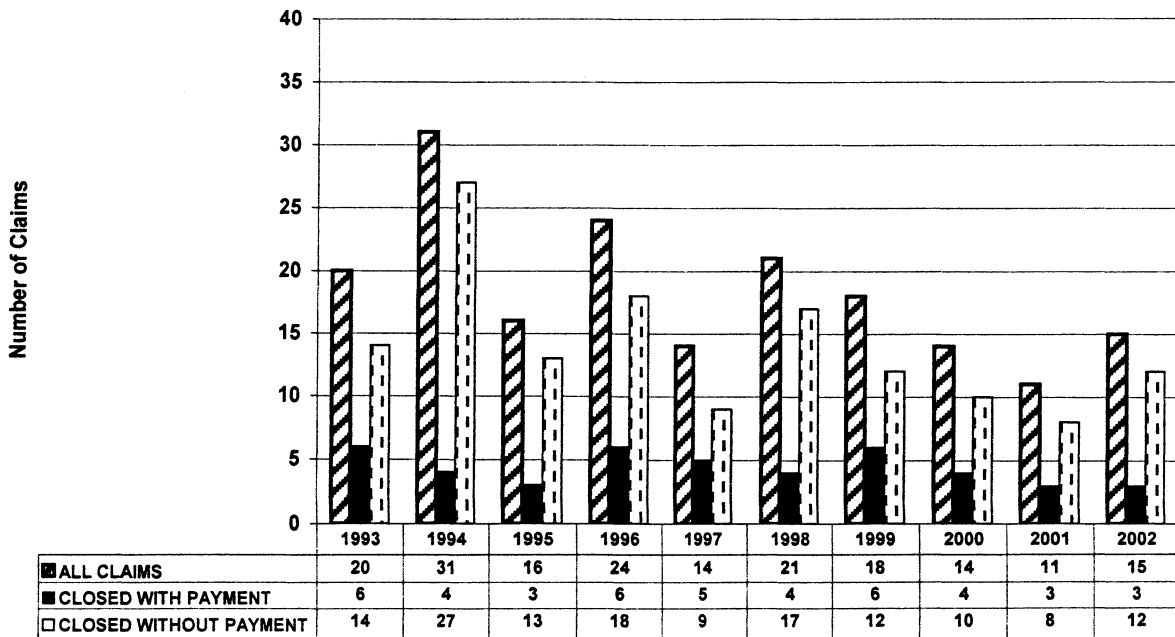


CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

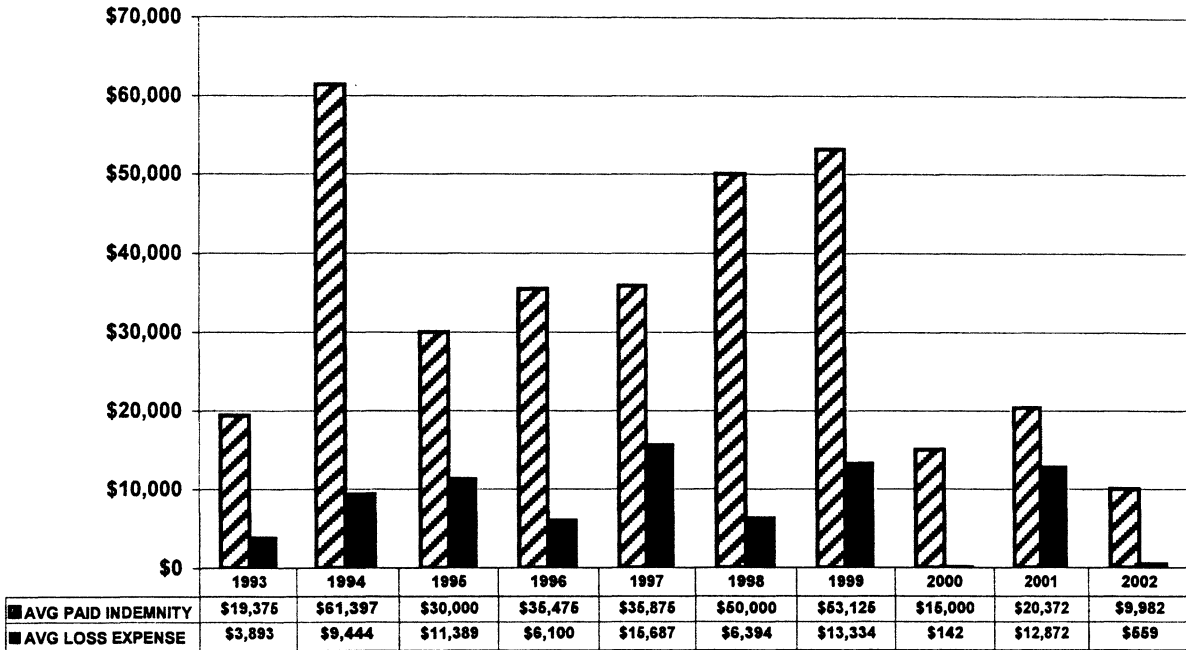


CLAIM COUNT

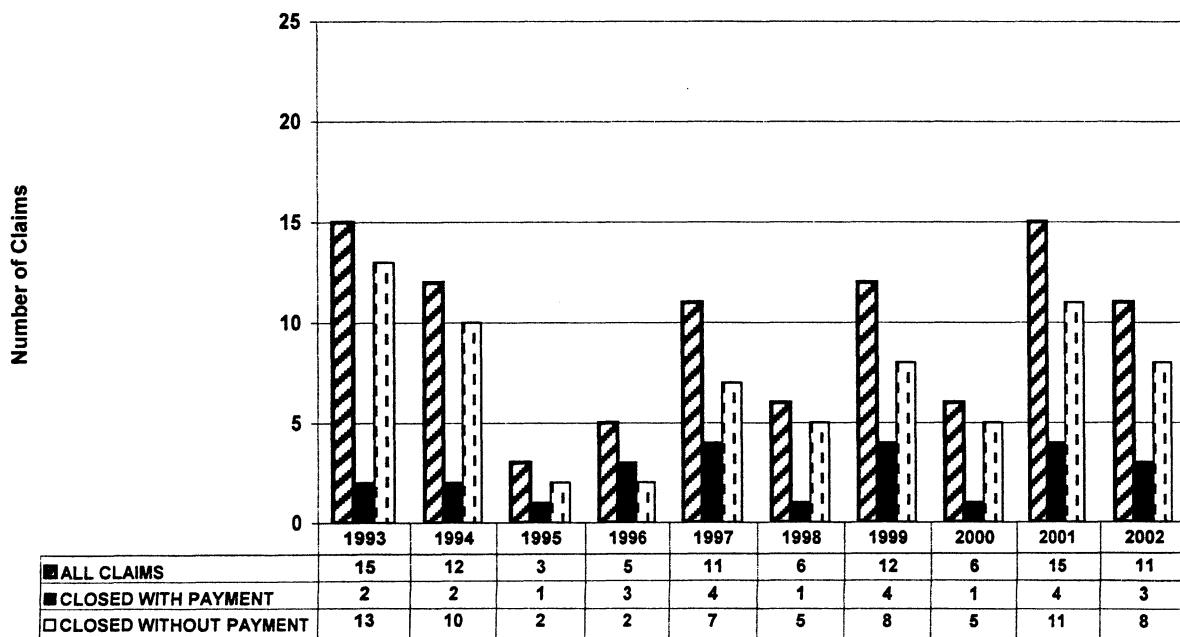


EXPARTE PROCEEDINGS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

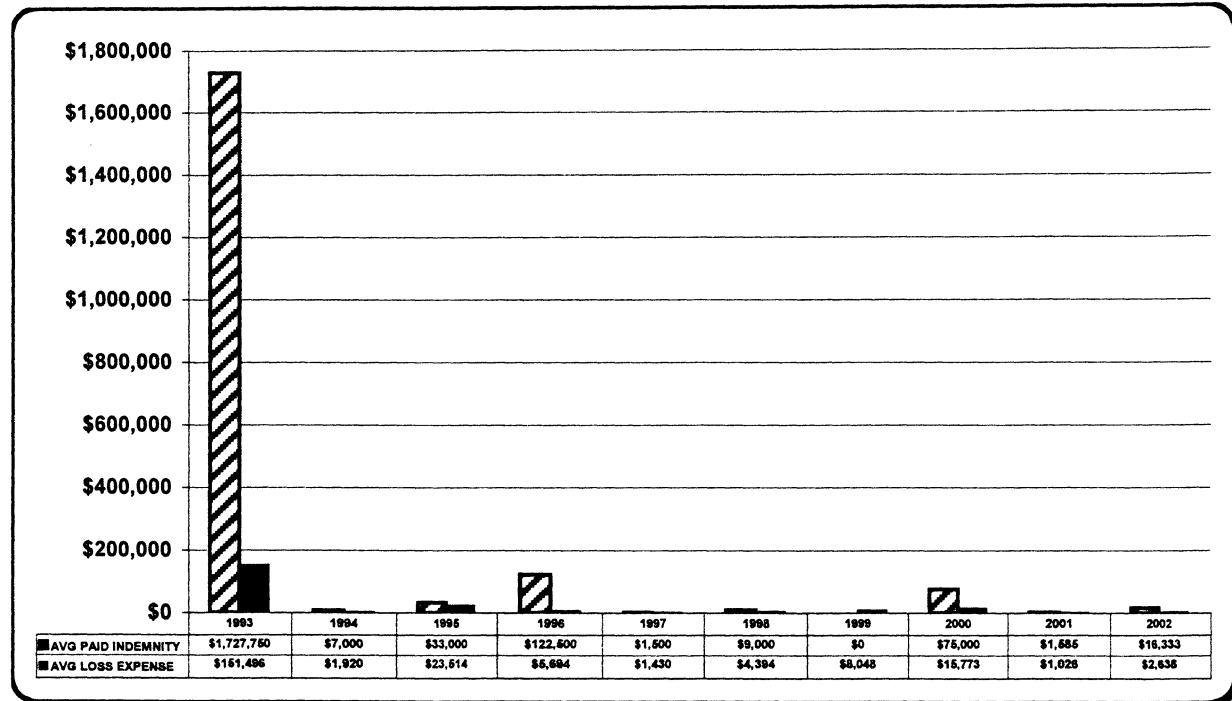


CLAIM COUNT

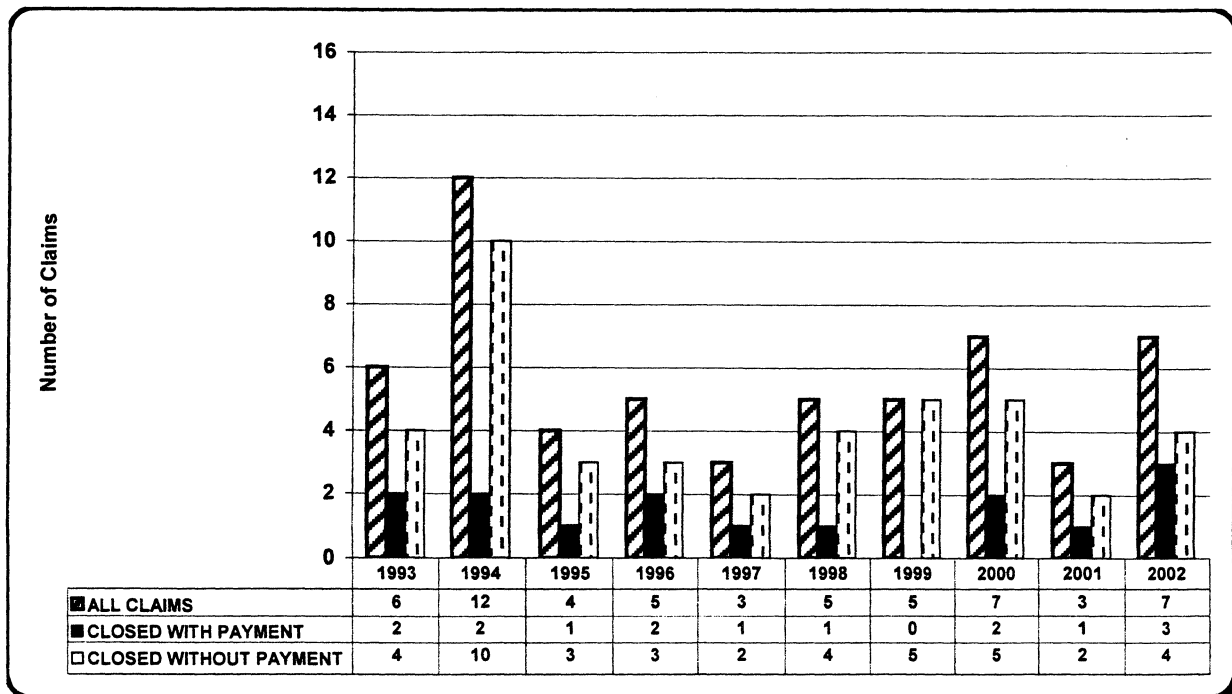


INVESTIGATION, OTHER THAN LITIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

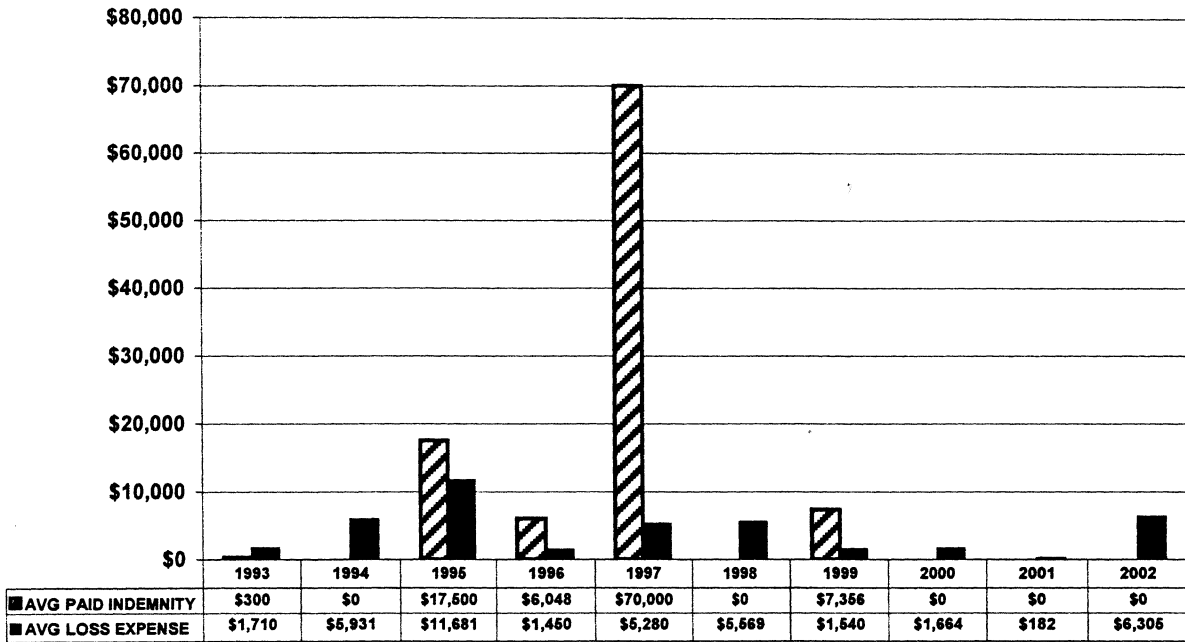


CLAIM COUNT

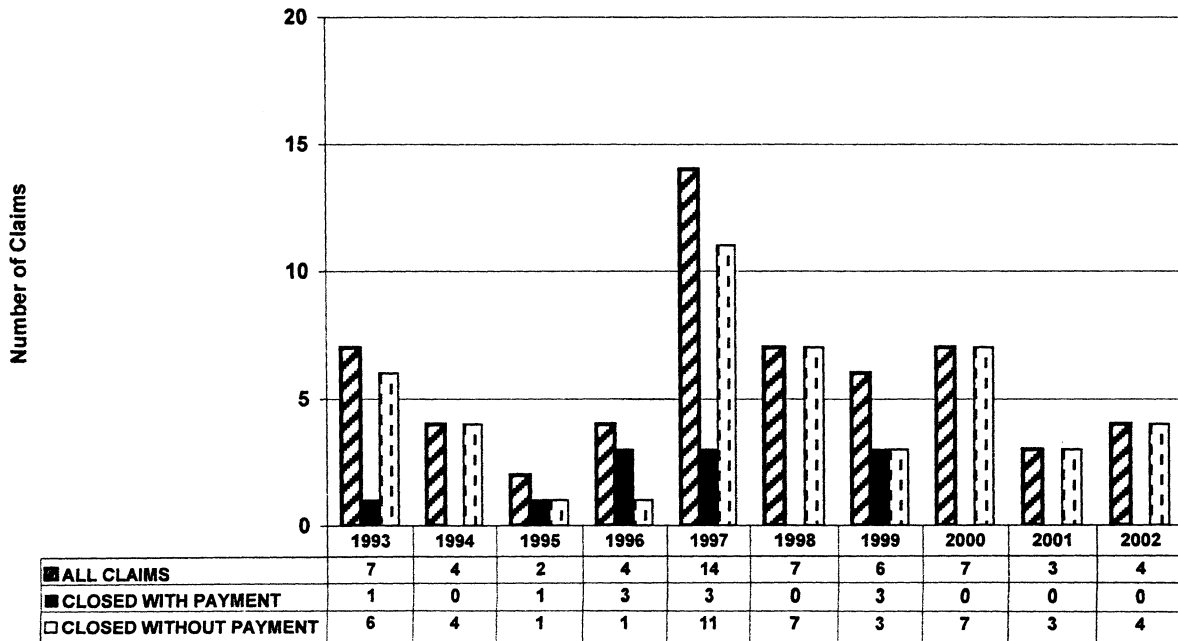


APPEAL ACTIVITIES

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
ALLEGED ERRORS OR OMISSIONS**

LEGAL MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 1993 – 2002

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	415	176	25.62%	\$49,355	\$8,686,423	12.39%	\$2,621
PLANNING OR STRATEGY ERROR	331	80	11.64%	\$113,316	\$9,065,287	12.93%	\$10,901
PROCRASTINATION OR LACK OF FOLLOW-UP	289	61	8.88%	\$67,680	\$4,128,467	5.89%	\$5,451
FAIL TO KNOW OR PROPERLY APPLY THE LAW	202	57	8.30%	\$201,223	\$11,469,710	16.36%	\$15,673
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	191	22	3.20%	\$34,161	\$751,544	1.07%	\$6,699
INADEQUATE INVESTIGATION	143	33	4.80%	\$188,567	\$6,222,697	8.87%	\$14,246
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	139	30	4.37%	\$84,875	\$2,546,243	3.63%	\$7,318
CONFLICT OF INTEREST	131	30	4.37%	\$184,541	\$5,536,220	7.89%	\$15,831
FRAUD	123	18	2.62%	\$531,742	\$9,571,351	13.65%	\$49,381
OTHER	118	30	4.37%	\$53,165	\$1,594,958	2.27%	\$11,157
FAIL TO OBTAIN CLIENTS CONSENT	113	28	4.08%	\$91,525	\$2,562,711	3.65%	\$10,678
FAILURE TO CALENDAR PROPERLY	86	35	5.09%	\$53,930	\$1,887,534	2.69%	\$4,452
VIOLATION OF CIVIL RIGHTS	77	4	0.58%	\$134,500	\$538,000	0.77%	\$5,345
CLERICAL ERROR	54	17	2.47%	\$38,969	\$662,469	0.94%	\$3,016
FAILURE TO REACT TO CALENDAR	51	23	3.35%	\$46,795	\$1,076,290	1.53%	\$6,619
FAIL TO ANTICIPATE TAX CONSEQUENCES	41	14	2.04%	\$63,357	\$886,997	1.26%	\$14,379
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	39	13	1.89%	\$41,567	\$540,373	0.77%	\$11,642
IMPROPER WITHDRAWAL FROM REPRESENTATION	33	6	0.87%	\$15,417	\$92,500	0.13%	\$3,300
LIBEL OR SLANDER	26	2	0.29%	\$16,150	\$32,300	0.05%	\$3,398
ERROR IN PUBLIC RECORD SEARCH	18	2	0.29%	\$70,002	\$140,003	0.20%	\$5,438
ERROR IN MATHEMATICAL CALCULATION	10	3	0.44%	\$55,519	\$166,558	0.24%	\$17,154
LOST FILE, DOCUMENT OR EVIDENCE	8	3	0.44%	\$655,223	\$1,965,670	2.80%	\$5,433
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

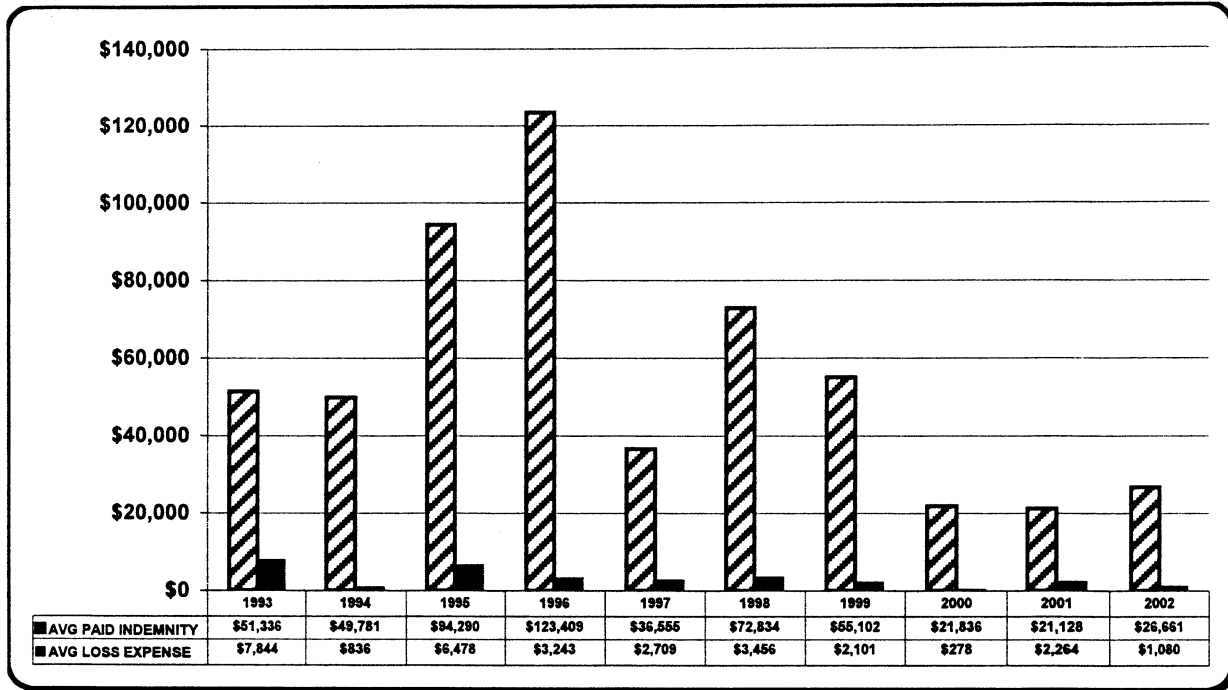
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2002

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	45	24	36.36%	\$26,661	\$639,868	17.83%	\$1,080
PROCRASTINATION OR LACK OF FOLLOW-UP	31	8	12.12%	\$55,875	\$447,000	12.45%	\$11,726
PLANNING OR STRATEGY ERROR	19	5	7.58%	\$295,400	\$1,477,000	41.15%	\$22,213
OTHER	18	4	6.06%	\$18,625	\$74,500	2.08%	\$7,075
INADEQUATE INVESTIGATION	15	1	1.52%	\$3,000	\$3,000	0.08%	\$2,011
FAIL TO KNOW OR PROPERLY APPLY THE LAW	14	4	6.06%	\$31,651	\$126,603	3.53%	\$25,155
CLERICAL ERROR	12	6	9.09%	\$22,000	\$132,000	3.68%	\$1,457
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	10	2	3.03%	\$9,750	\$19,500	0.54%	\$5,126
VIOLATION OF CIVIL RIGHTS	10	0	0.00%	N/A	\$0	0.00%	\$3,847
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	9	2	3.03%	\$36,900	\$73,800	2.06%	\$3,243
CONFLICT OF INTEREST	8	1	1.52%	\$325,000	\$325,000	9.05%	\$19,868
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	7	2	3.03%	N/A	\$41,925	1.17%	\$10,829
FAILURE TO REACT TO CALENDAR	5	2	3.03%	\$34,000	\$68,000	1.89%	\$424
FAIL TO ANTICIPATE TAX CONSEQUENCES	4	1	1.52%	\$36,000	\$36,000	1.00%	\$1,389
FAIL TO OBTAIN CLIENTS CONSENT	4	1	1.52%	N/A	\$20,000	0.56%	\$2,386
FRAUD	4	1	1.52%	\$80,000	\$80,000	2.23%	\$28,903
LIBEL OR SLANDER	4	0	0.00%	N/A	\$0	0.00%	\$0
FAILURE TO CALENDAR PROPERLY	3	1	1.52%	N/A	\$17,245	0.48%	\$8,079
IMPROPER WITHDRAWAL FROM REPRESENTATION	3	1	1.52%	N/A	\$8,000	0.22%	\$0
ERROR IN MATHEMATICAL CALCULATION	2	0	0.00%	N/A	\$0	0.00%	\$10,474
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

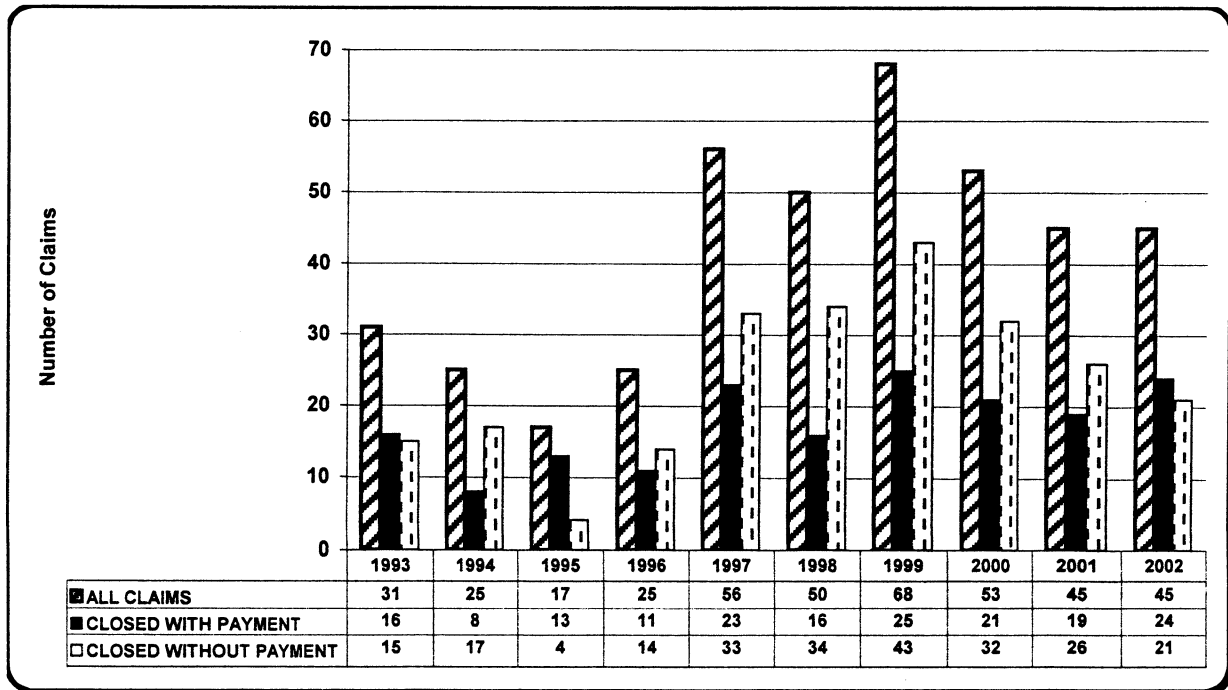
**TRENDS
OF THE TOP TEN
ERRORS OR OMISSIONS
OF 2002**

FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

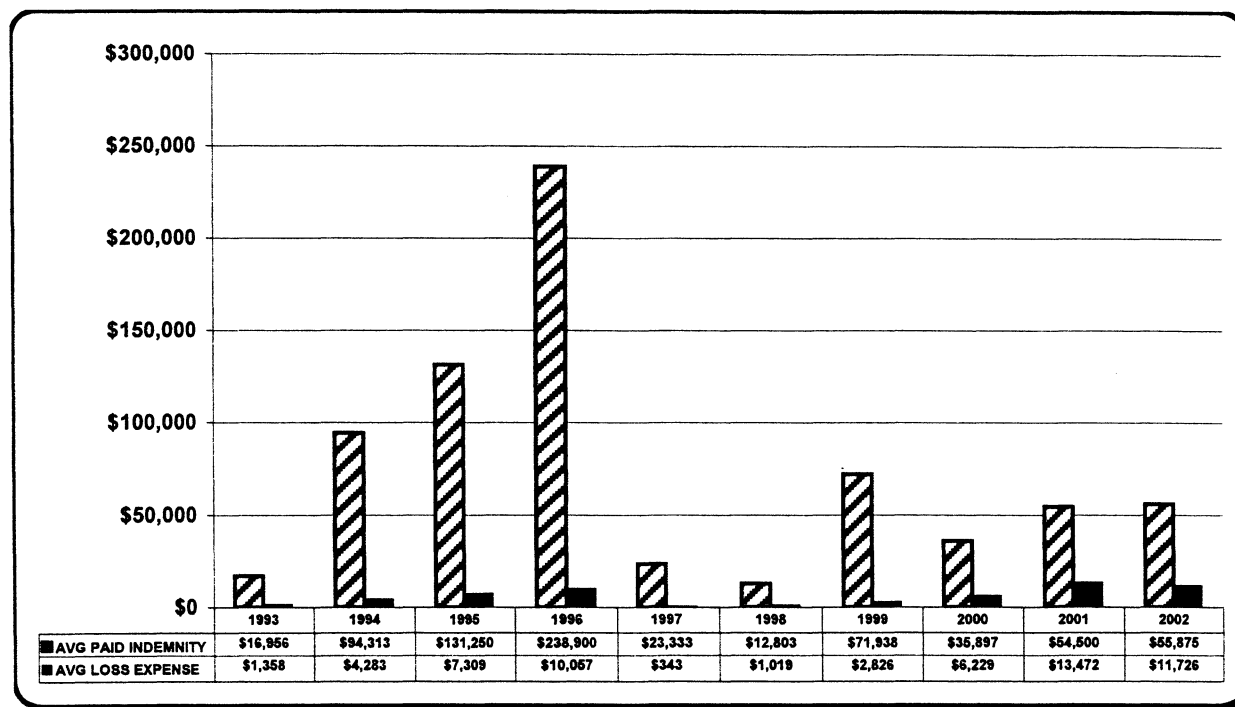


CLAIM COUNT

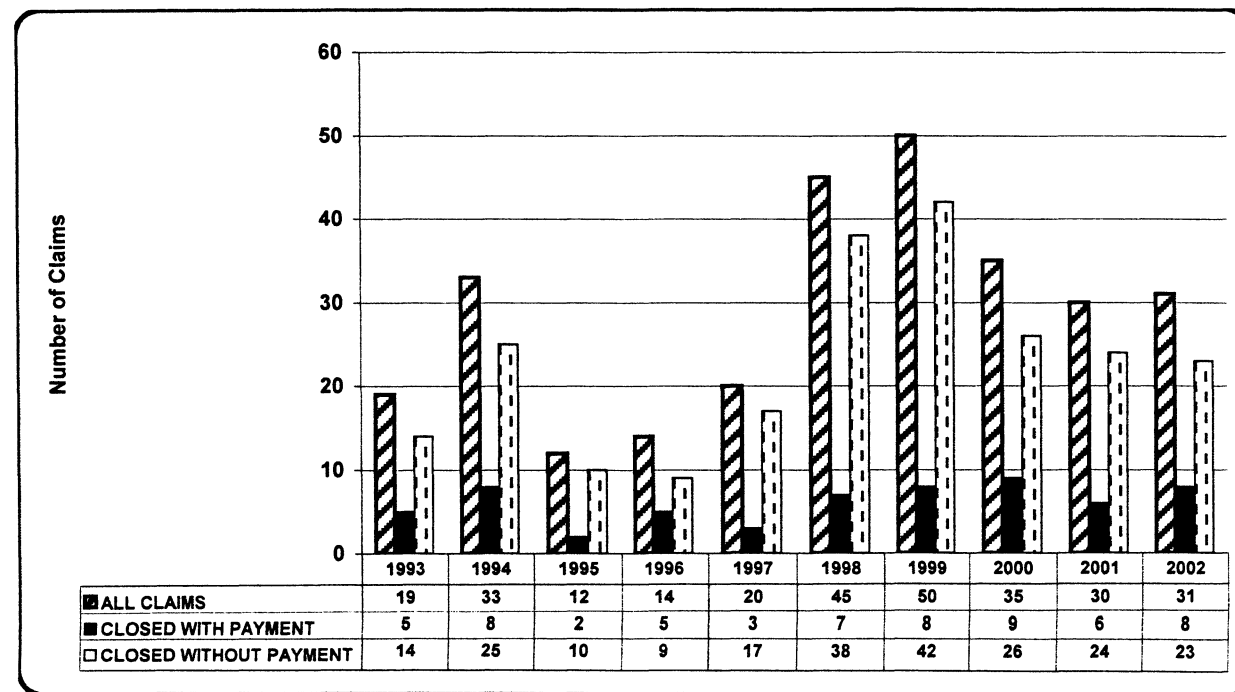


PROCRASTINATION OR LACK OF FOLLOW-UP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

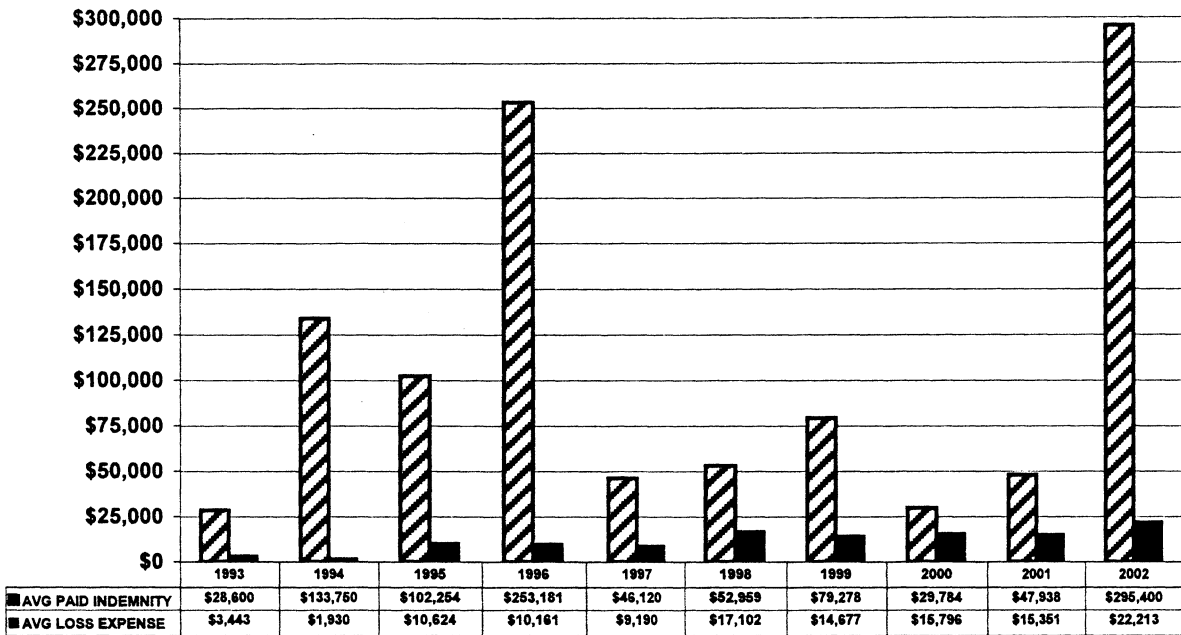


CLAIM COUNT

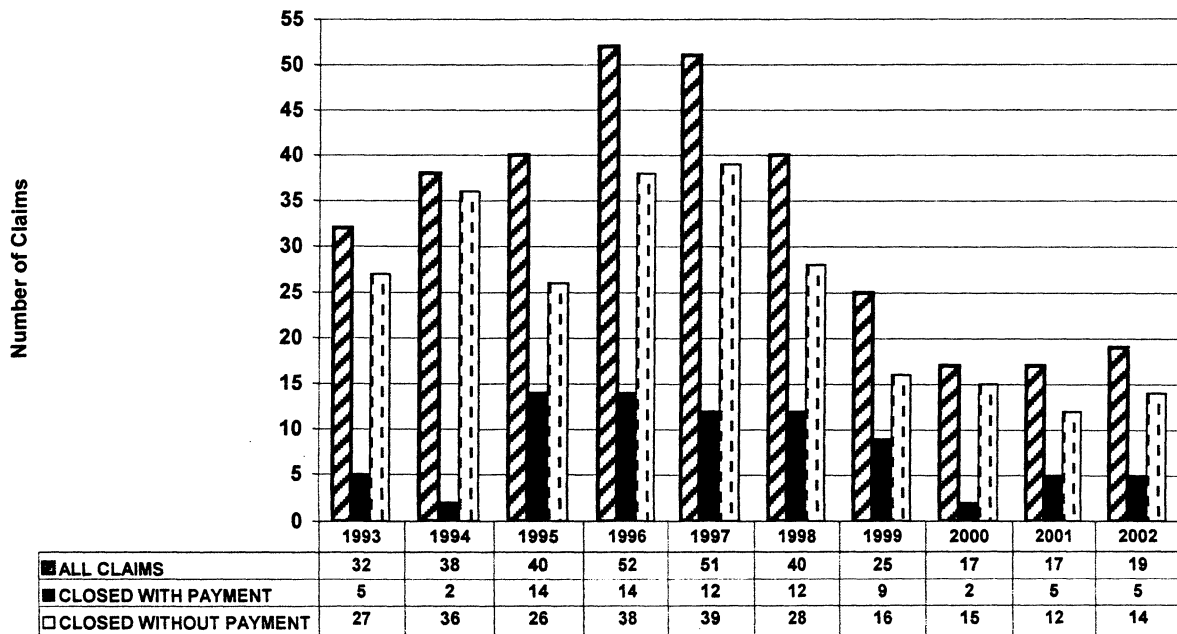


PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

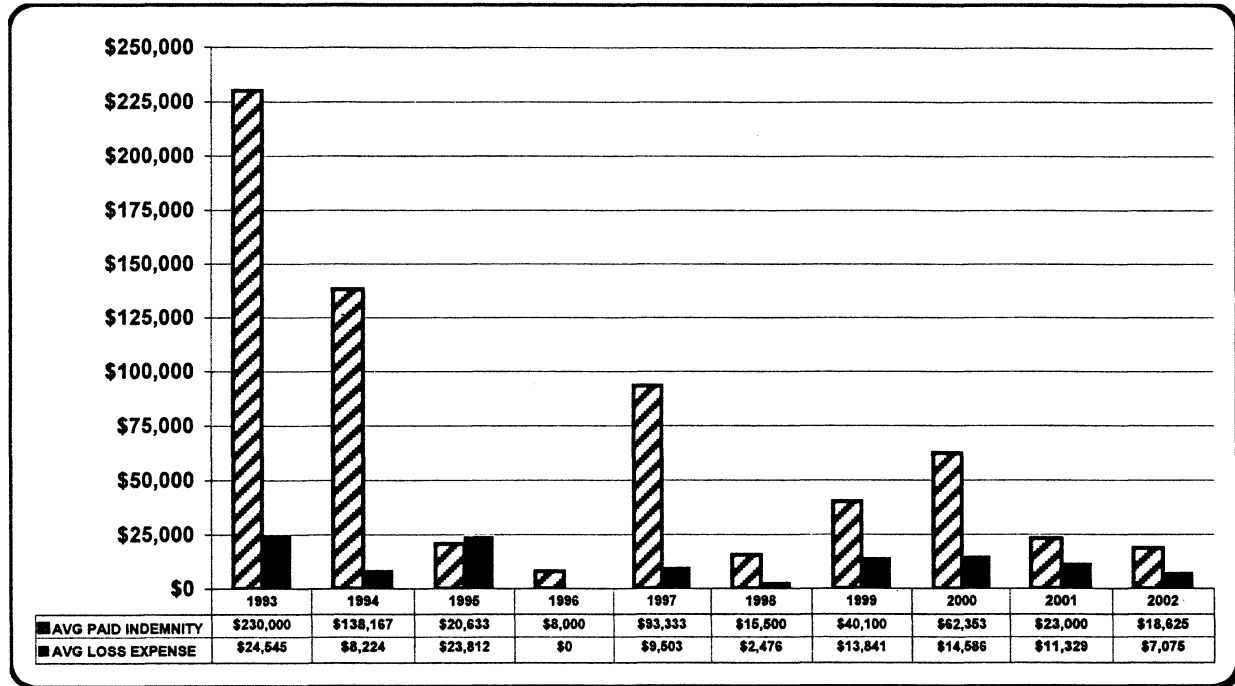


CLAIM COUNT

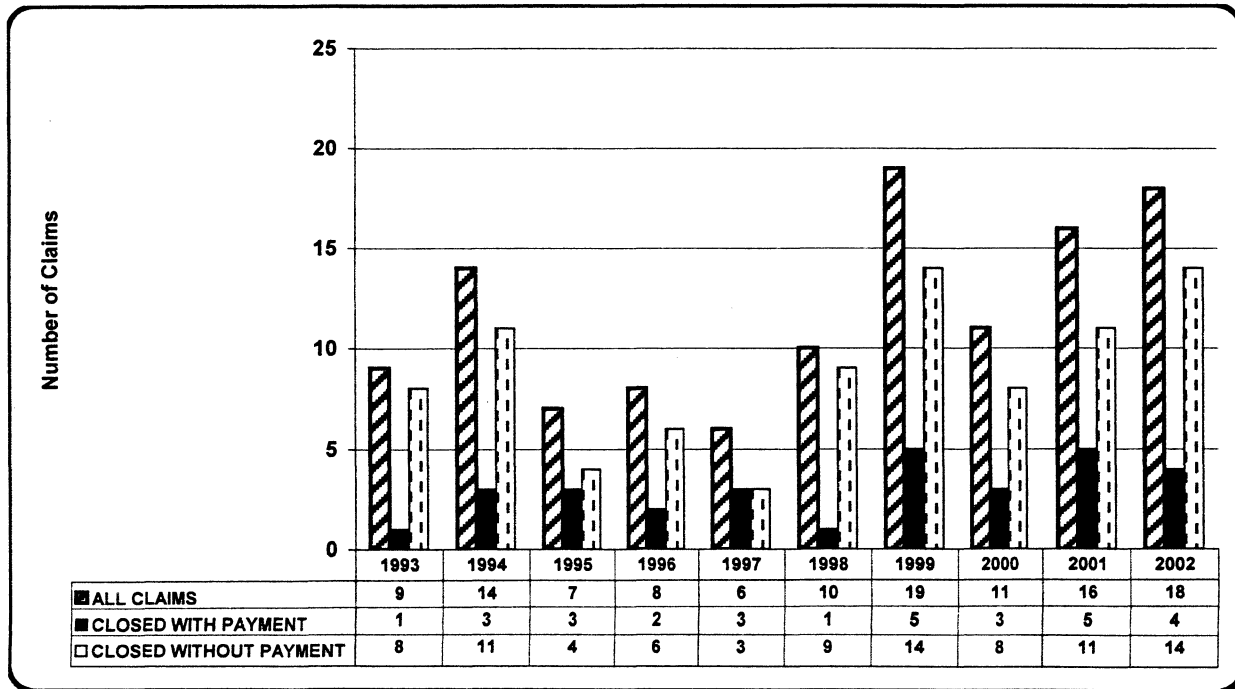


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

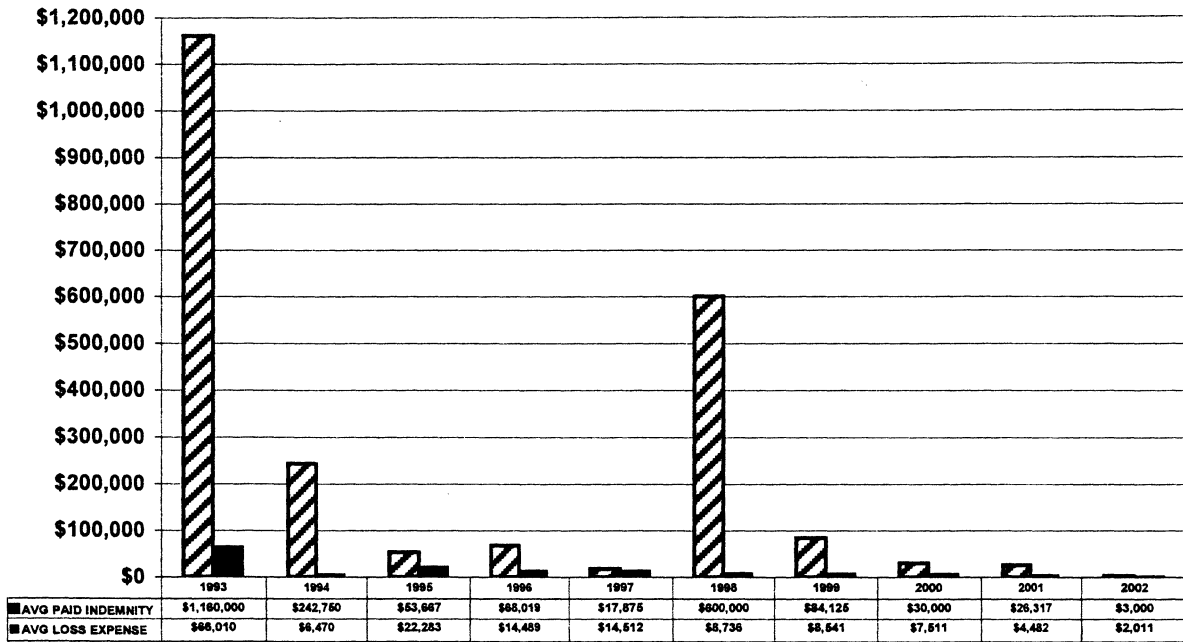


CLAIM COUNT

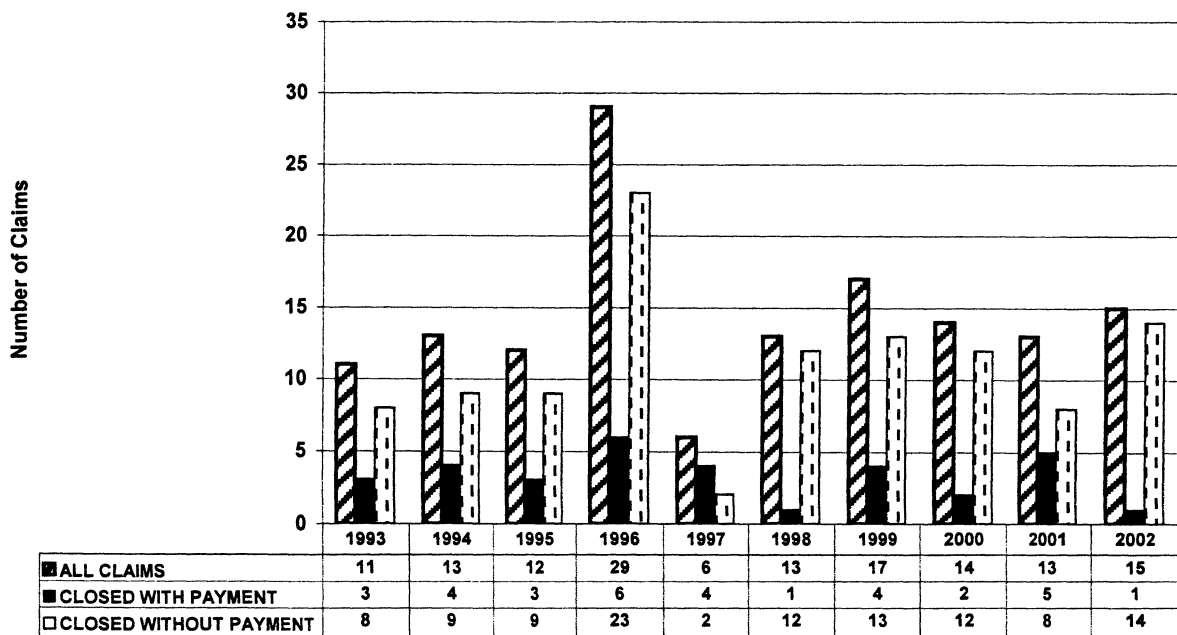


INADEQUATE INVESTIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

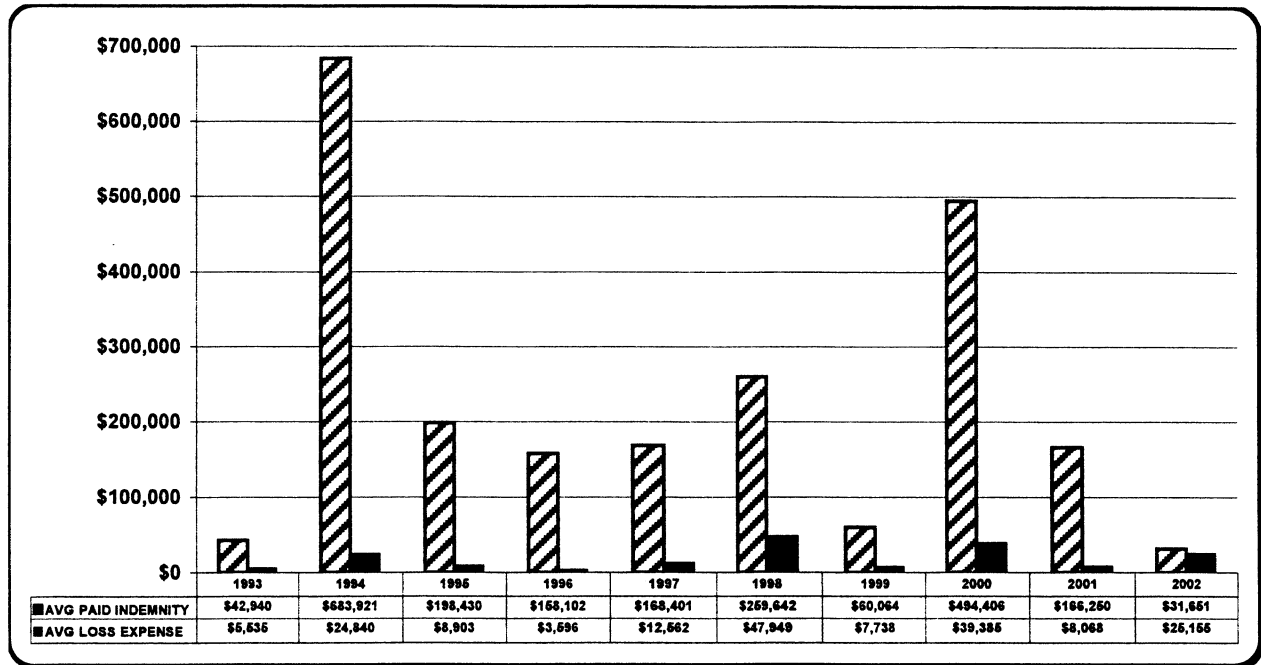


CLAIM COUNT

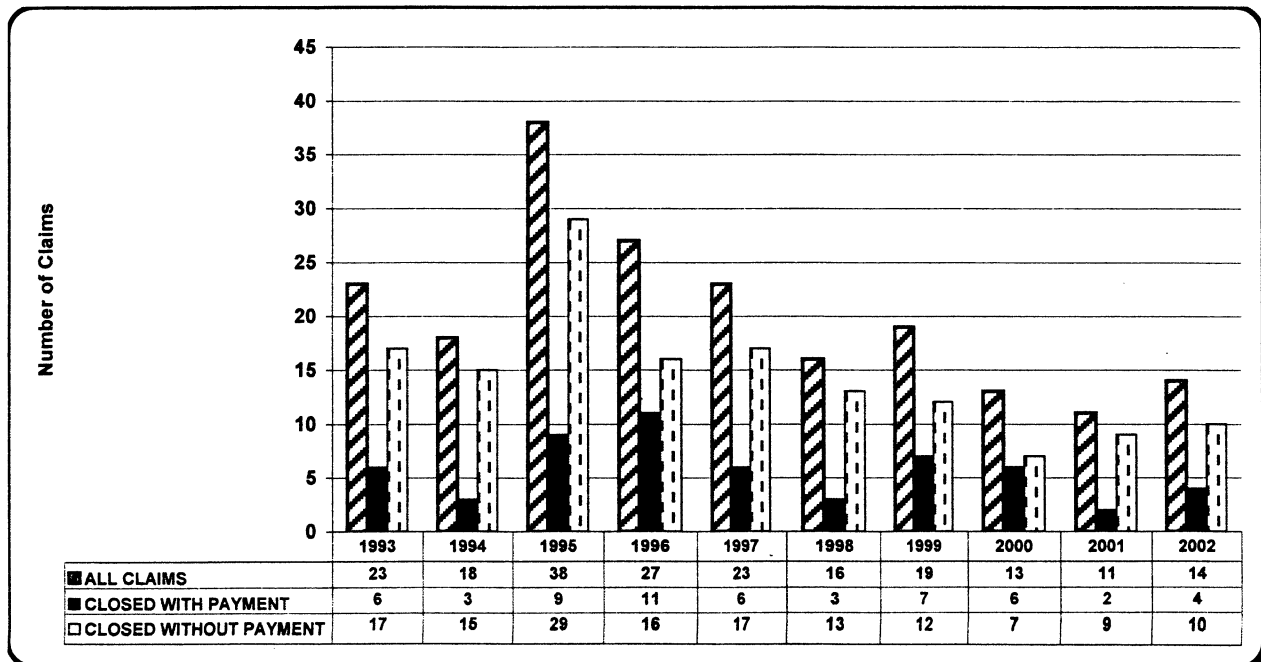


FAIL TO KNOW OR PROPERLY APPLY THE LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

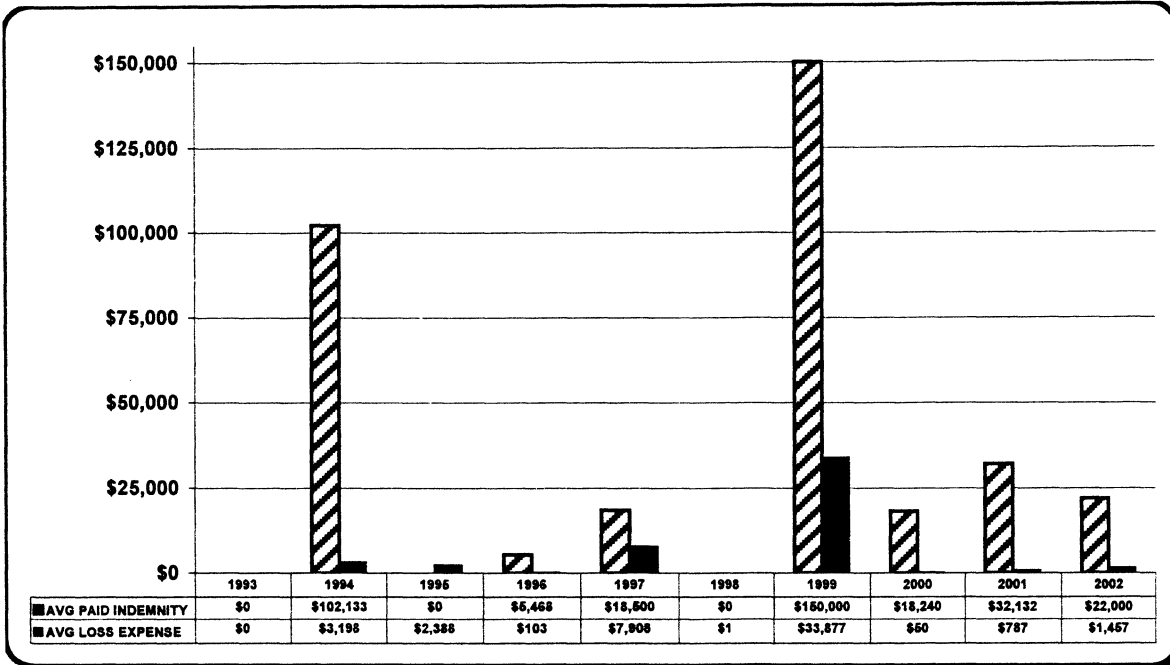


CLAIM COUNT

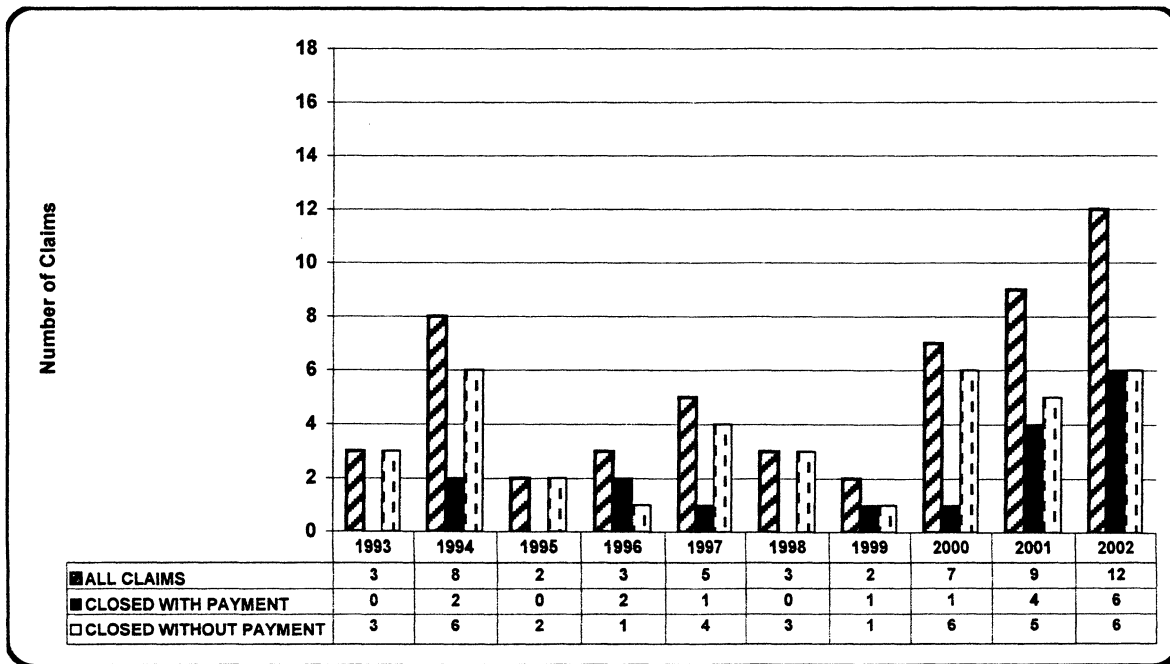


CLERICAL ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

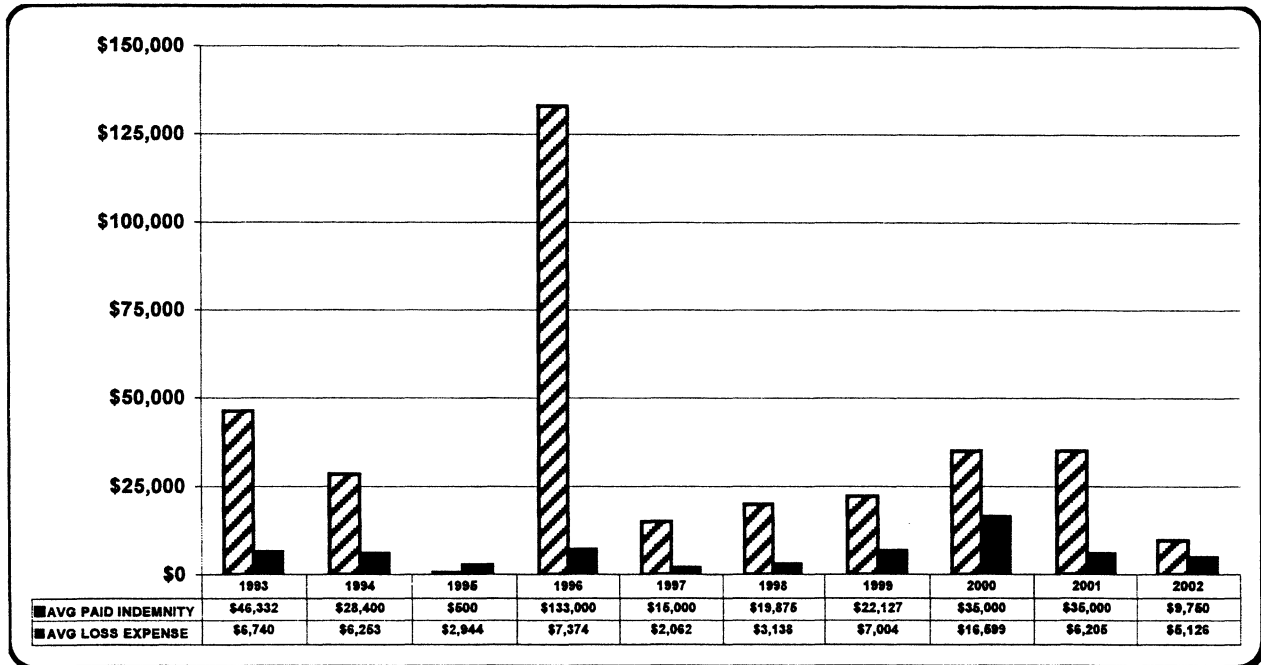


CLAIM COUNT

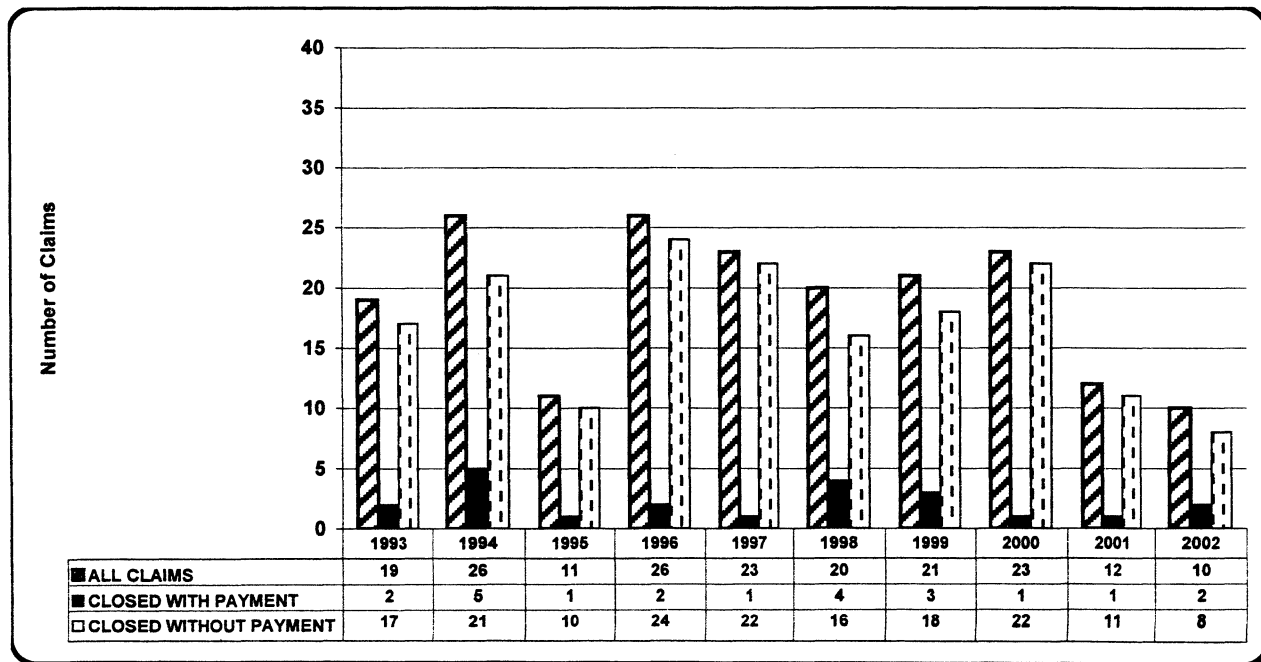


MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

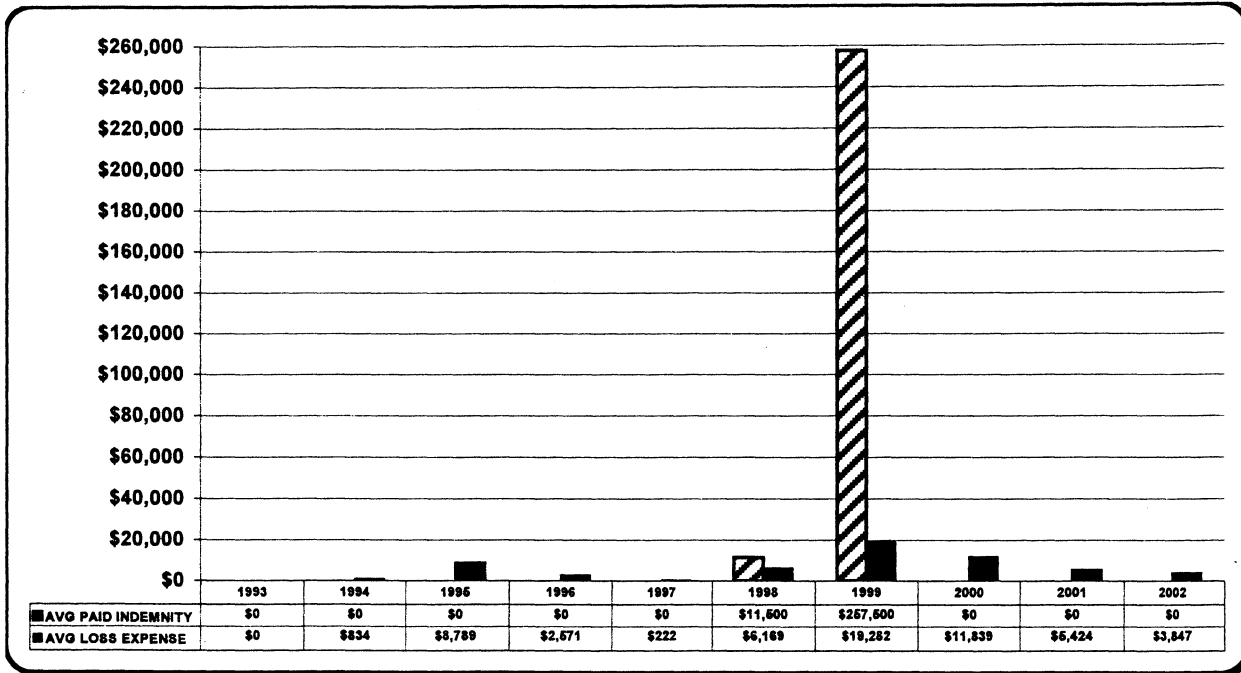


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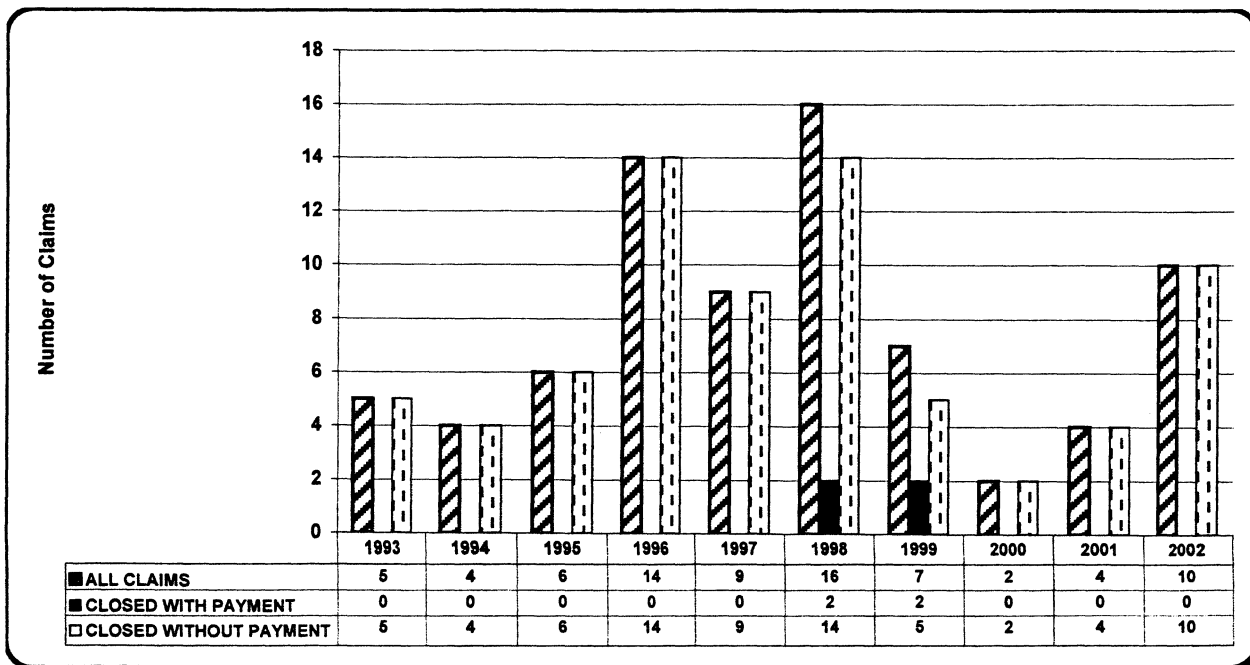


VIOLATION OF CIVIL RIGHTS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

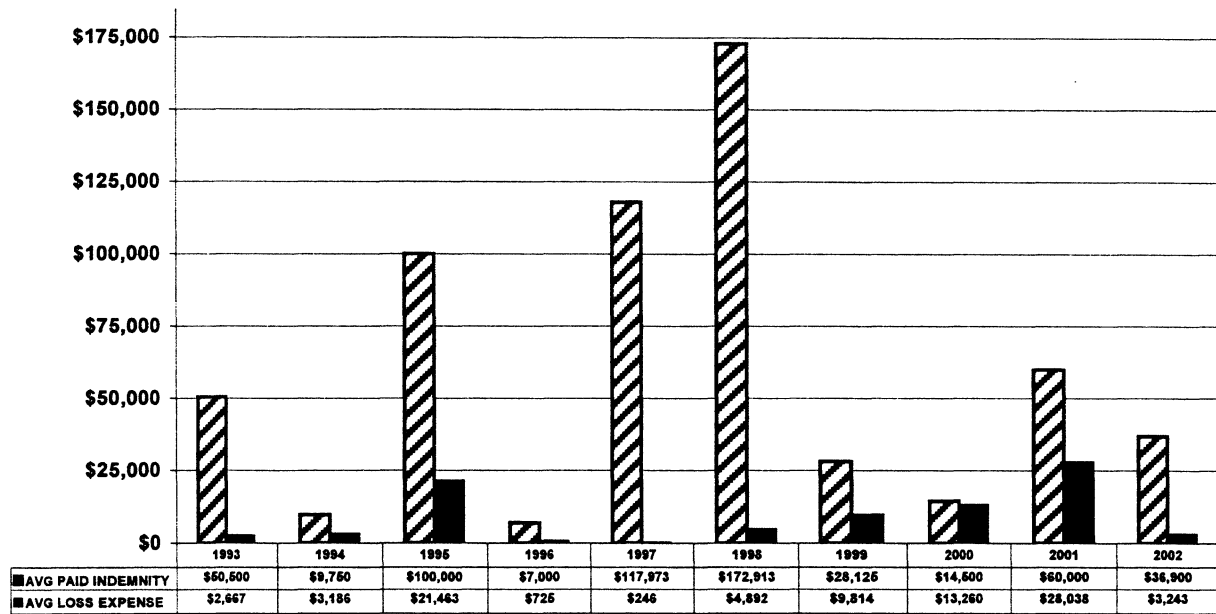


CLAIM COUNT

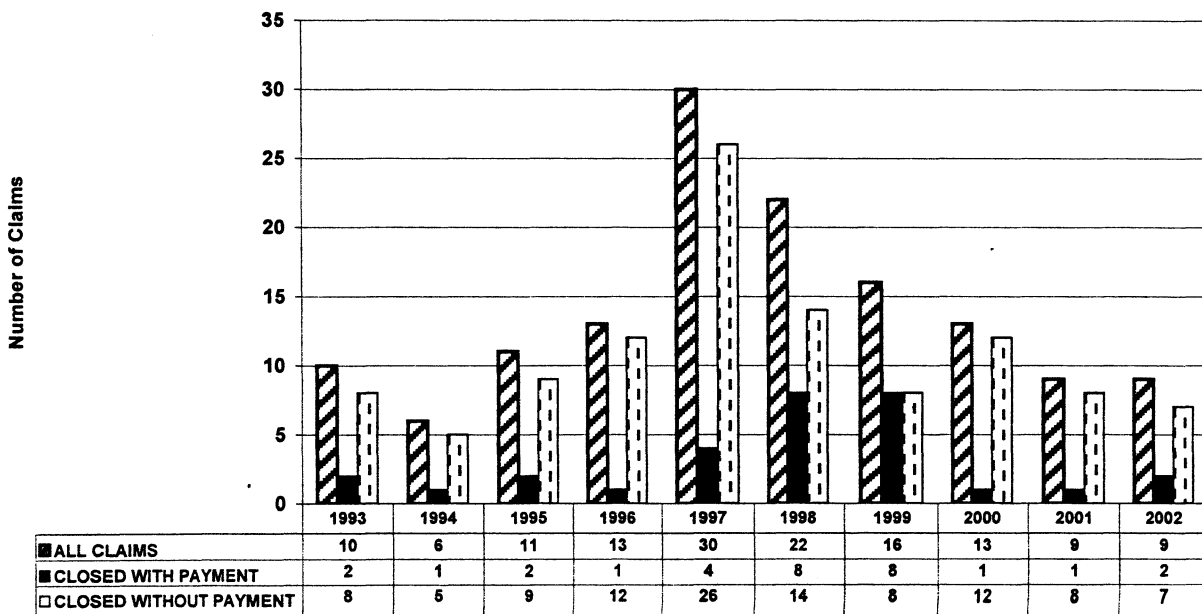


FAIL TO FOLLOW CLIENTS INSTRUCTIONS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
CLAIM DISPOSITIONS**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1993 – 2002

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	1,272	348	50.66%	\$55,063	\$19,161,920	27.33%	\$1,225
BEFORE TRIAL OR HEARING	931	293	42.65%	\$146,377	\$42,888,491	61.16%	\$18,839
CLAIM OR SUIT ABANDONED	232	0	0.00%	#DIV/0!	\$0	0.00%	\$1,059
AFTER APPEAL	80	11	1.60%	\$132,035	\$1,452,387	2.07%	\$51,459
DURING TRIAL OR HEARING	40	15	2.18%	\$173,175	\$2,597,627	3.70%	\$30,389
AFTER JUDGMENT, BEFORE APPEAL	34	9	1.31%	\$167,263	\$1,505,370	2.15%	\$24,367
DURING APPEAL	25	7	1.02%	\$92,523	\$647,663	0.92%	\$42,411
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	23	4	0.58%	\$467,711	\$1,870,845	2.67%	\$31,623
DURING REVIEW PANEL	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

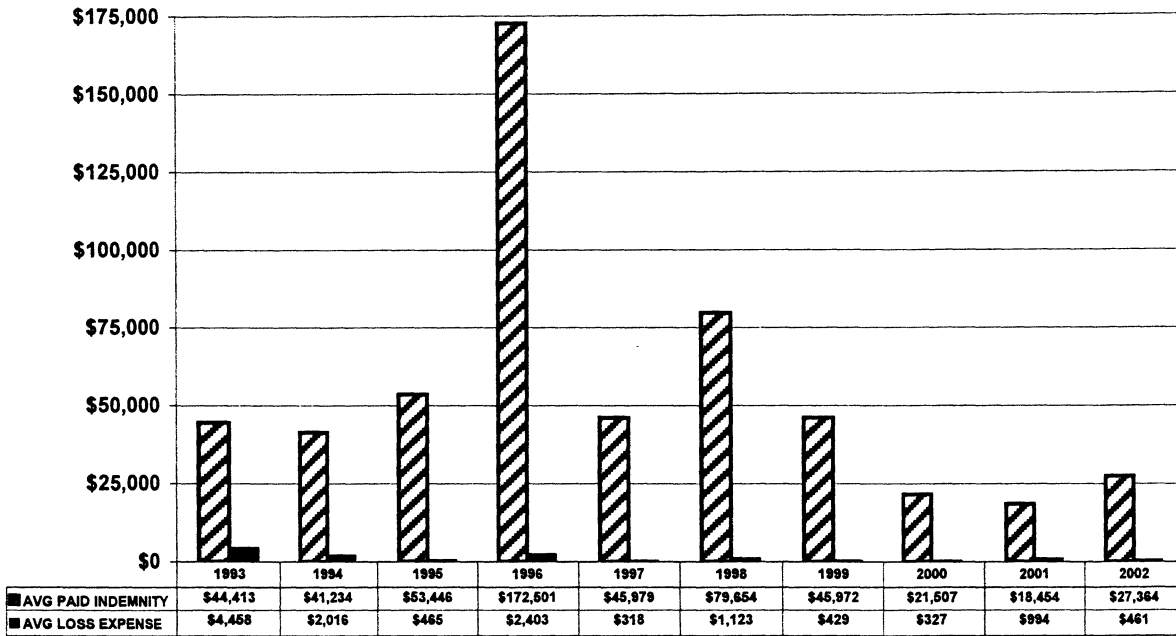
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2002

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	116	38	57.58%	\$27,364	\$1,039,838	28.97%	\$461
BEFORE TRIAL OR HEARING	79	24	36.36%	\$42,315	\$1,015,563	28.29%	\$10,061
CLAIM OR SUIT ABANDONED	19	0	0.00%	N/A	\$0	0.00%	\$1,262
AFTER APPEAL	8	2	3.03%	\$77,020	\$154,040	4.29%	\$70,819
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	3	1	1.52%	\$1,300,000	\$1,300,000	36.22%	\$112,126
AFTER JUDGMENT, BEFORE APPEAL	1	1	1.52%	\$80,000	\$80,000	2.23%	\$114,047
DURING APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$3,807
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

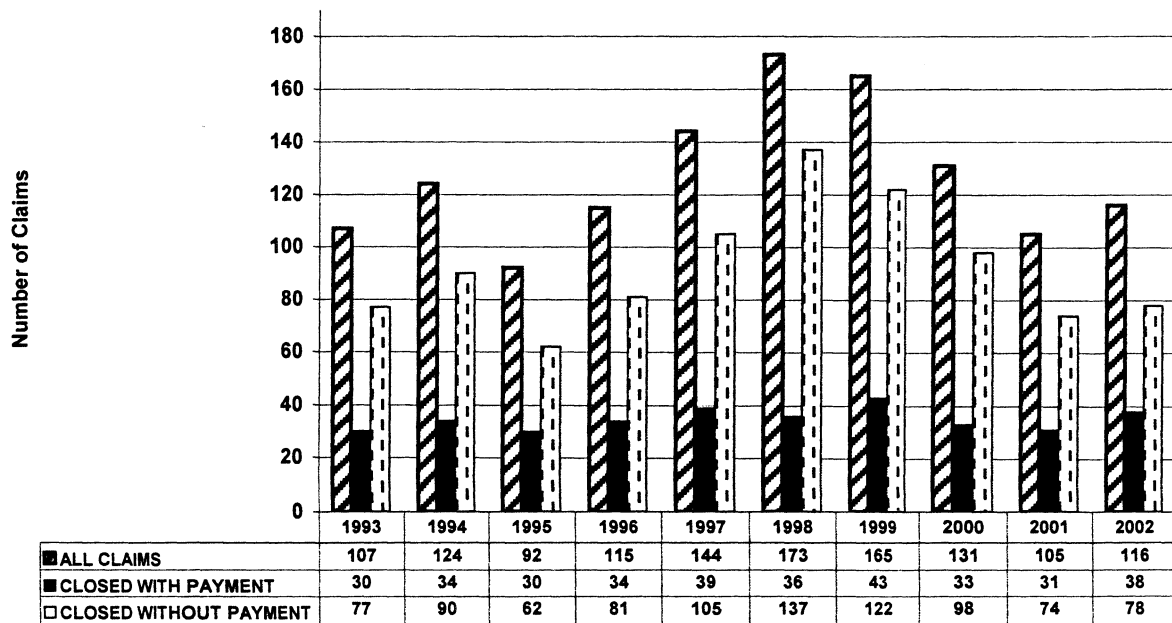
**TRENDS
OF THE TOP SEVEN
CLAIM DISPOSITIONS
OF 2002**

BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

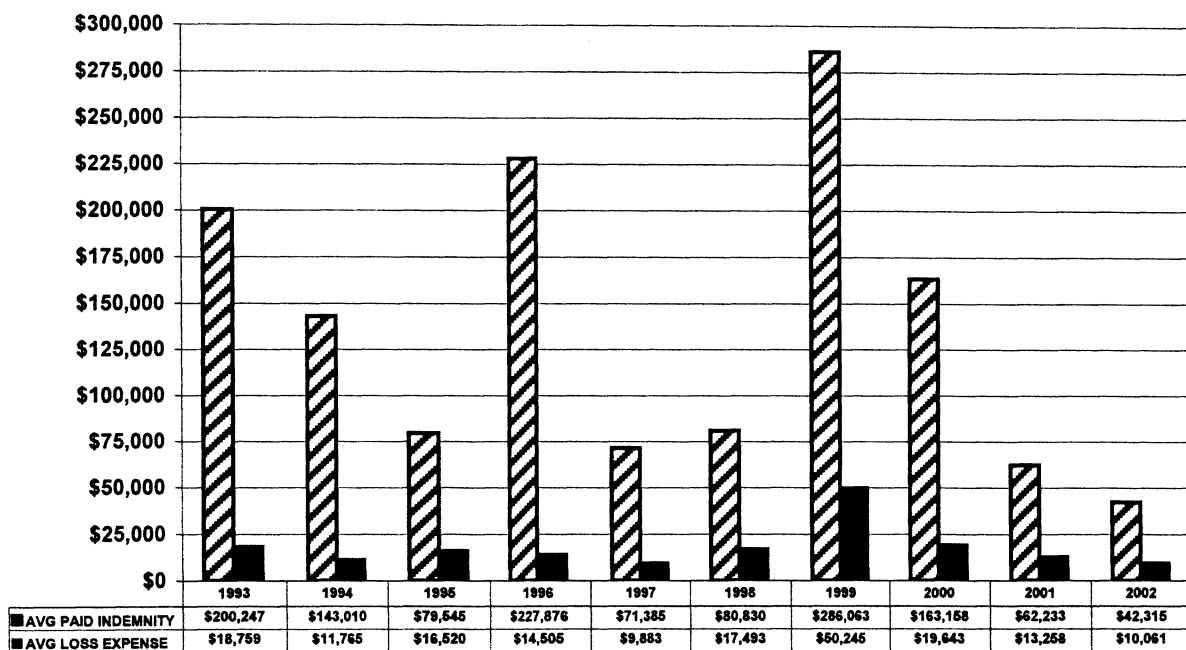


CLAIM COUNT

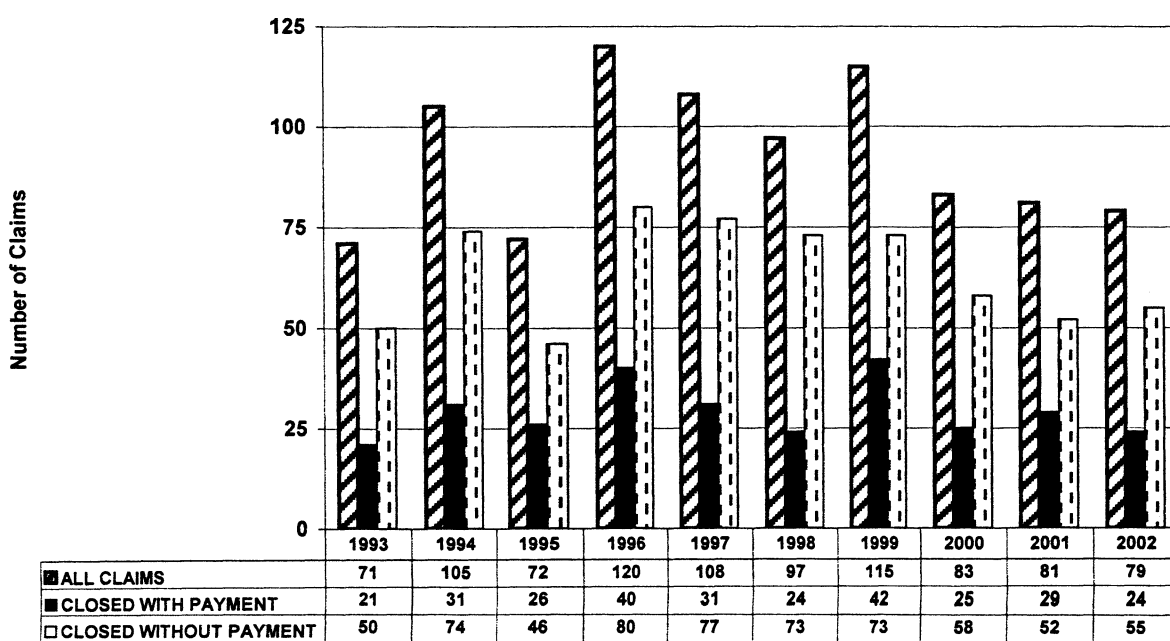


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

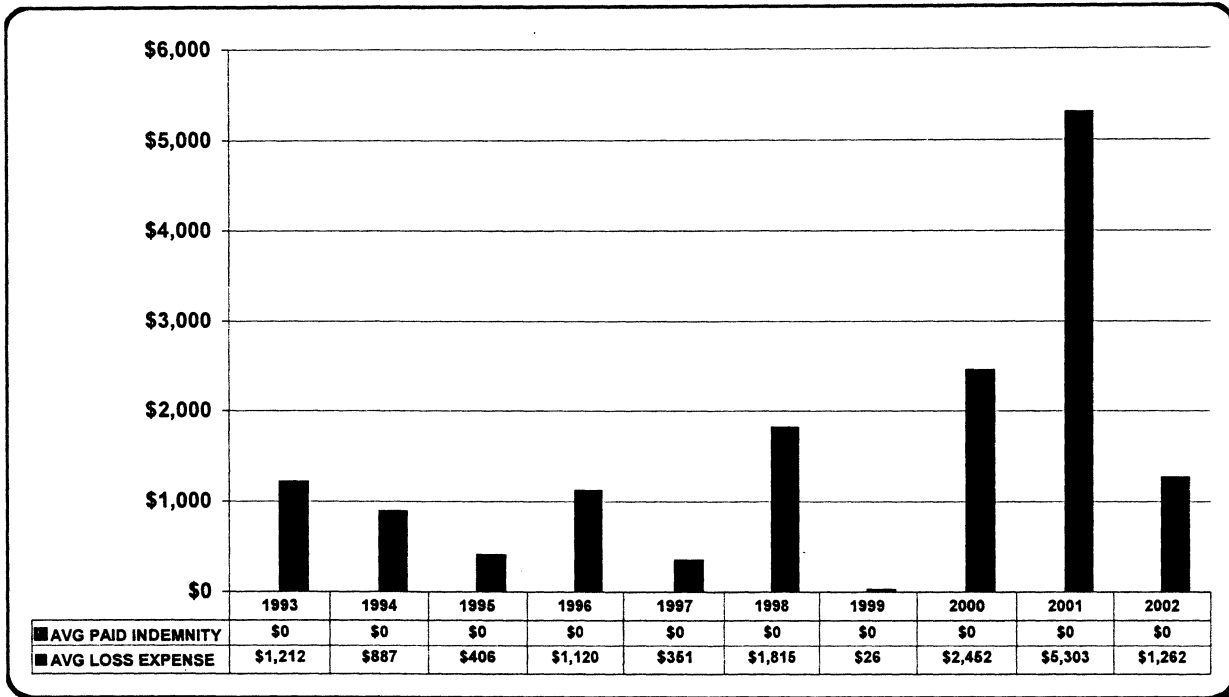


CLAIM COUNT

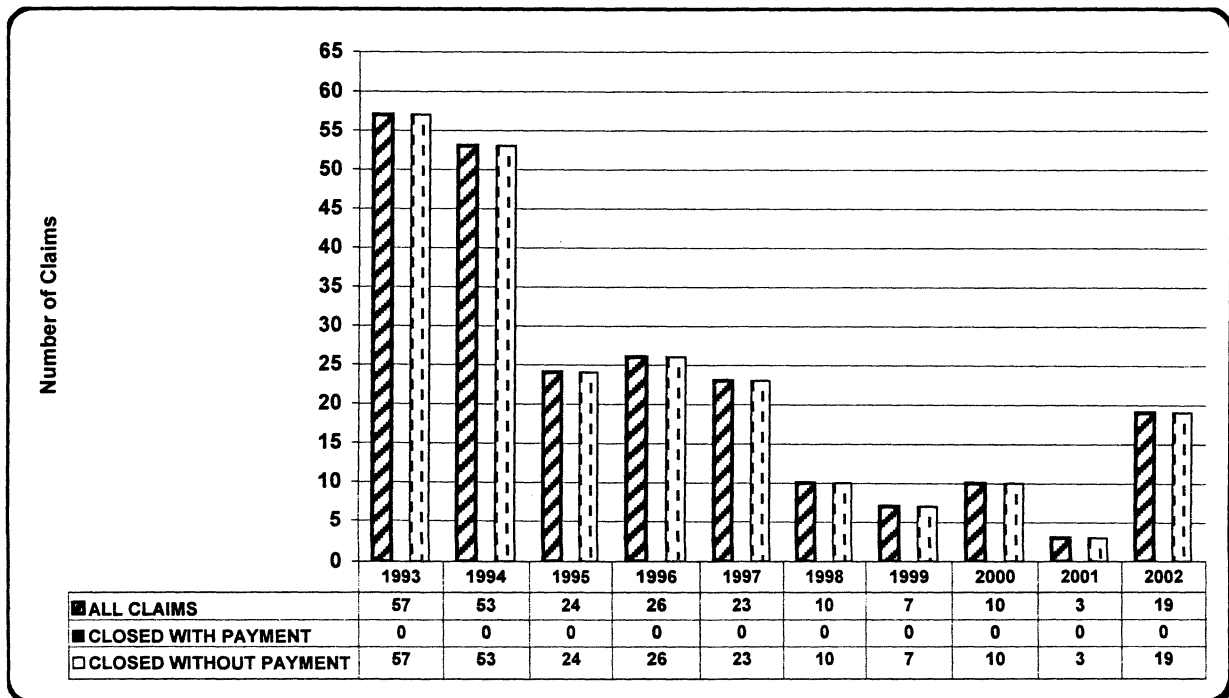


CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

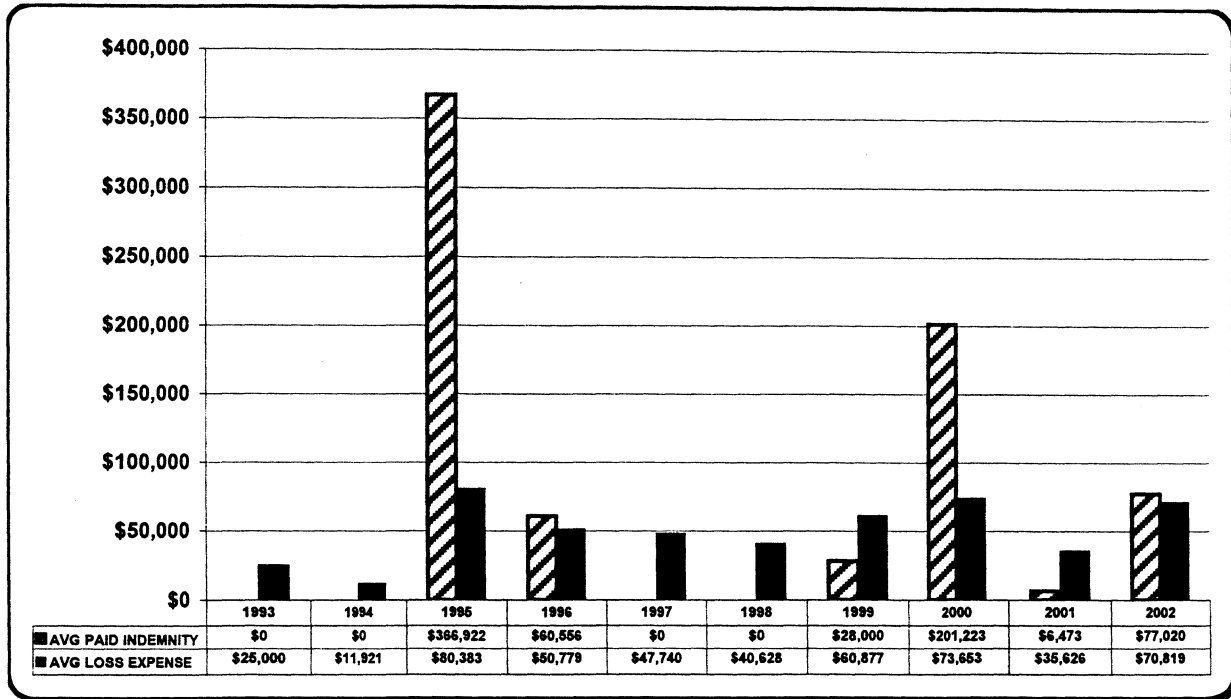


CLAIM COUNT

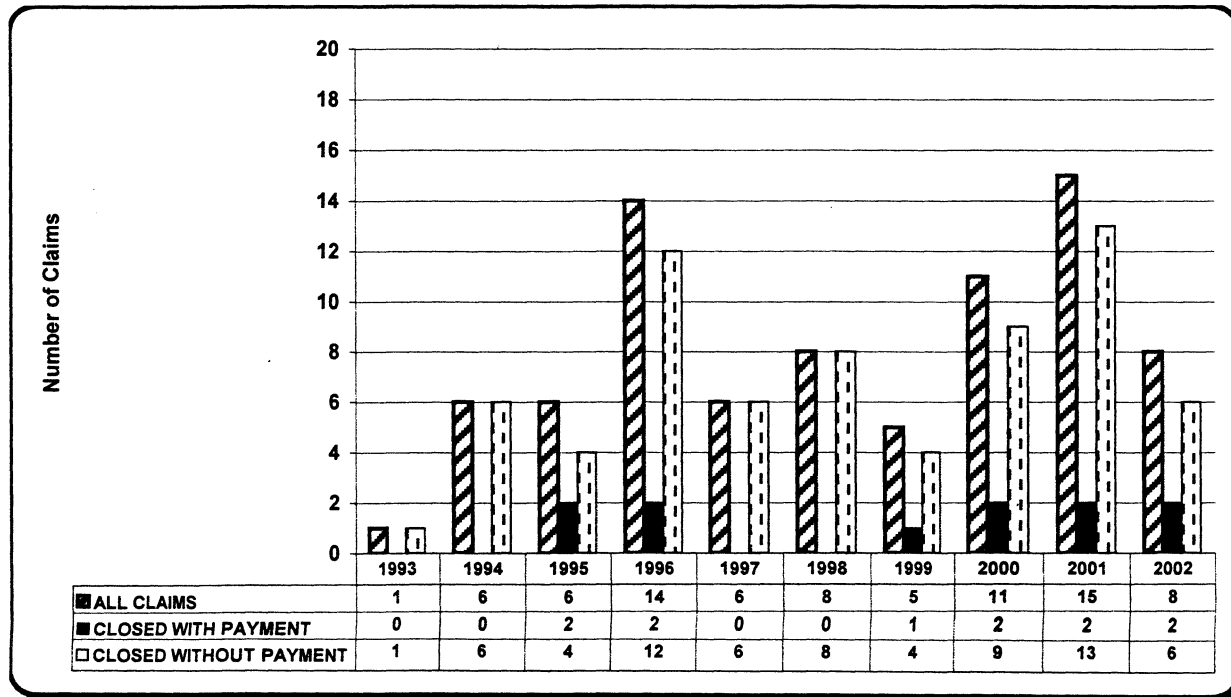


AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

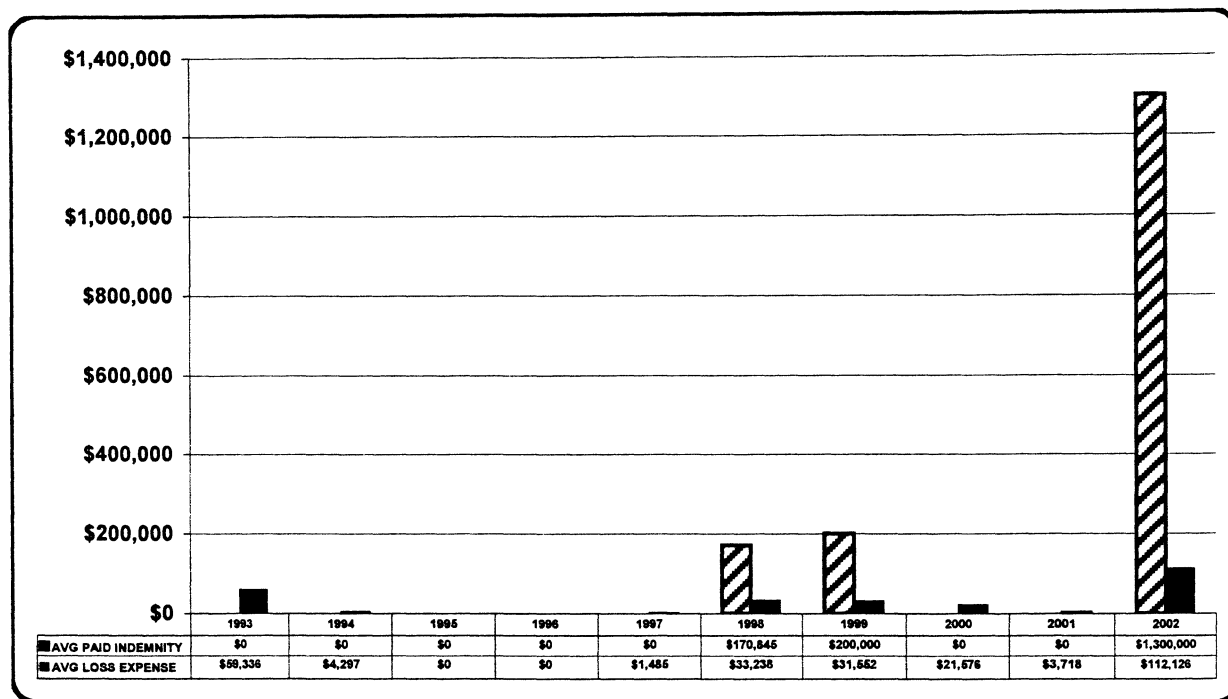


CLAIM COUNT

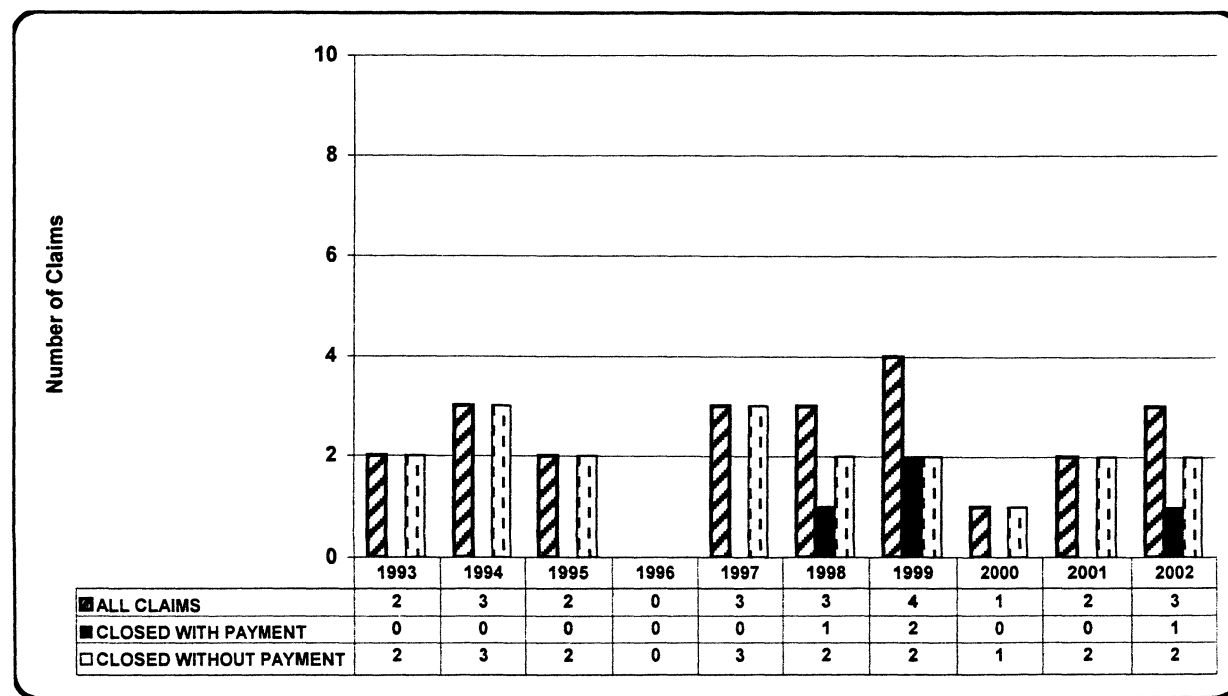


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

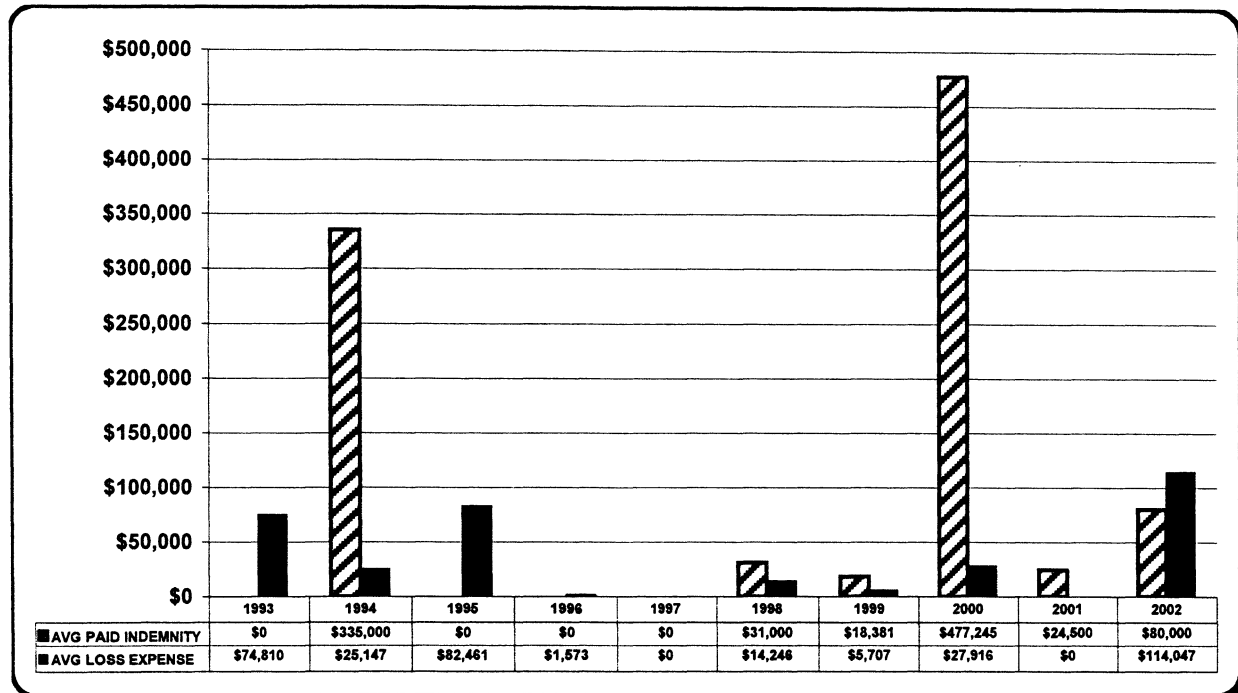


CLAIM COUNT

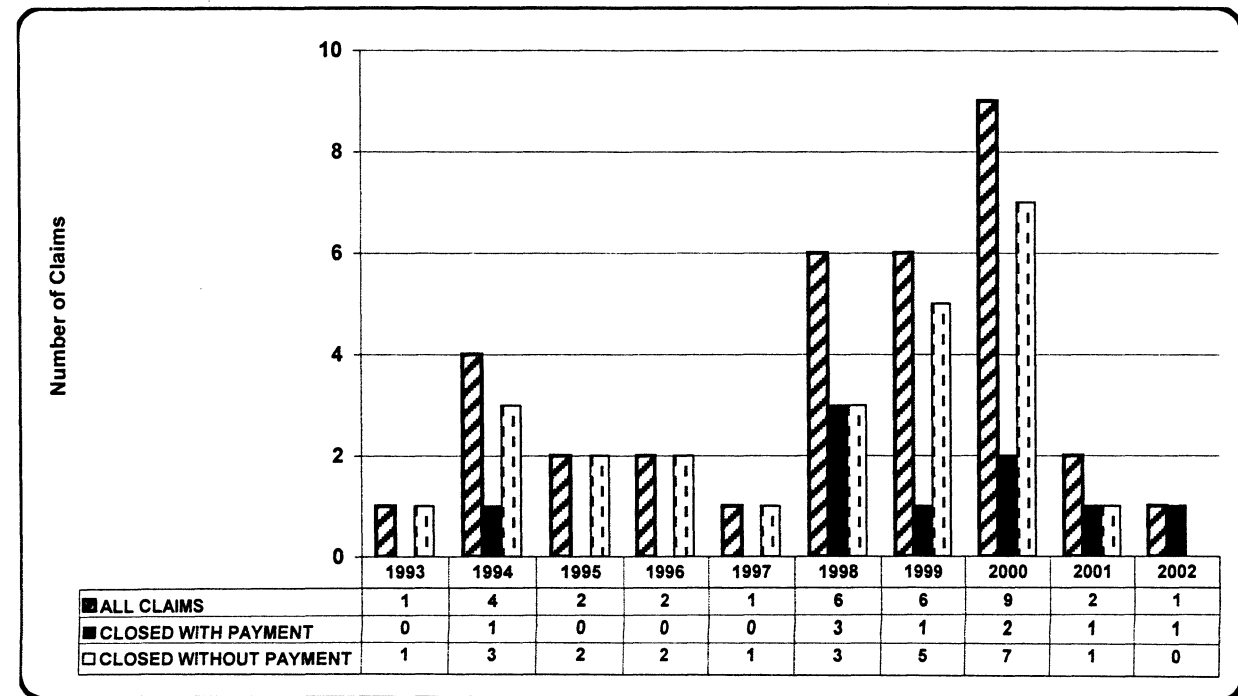


AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

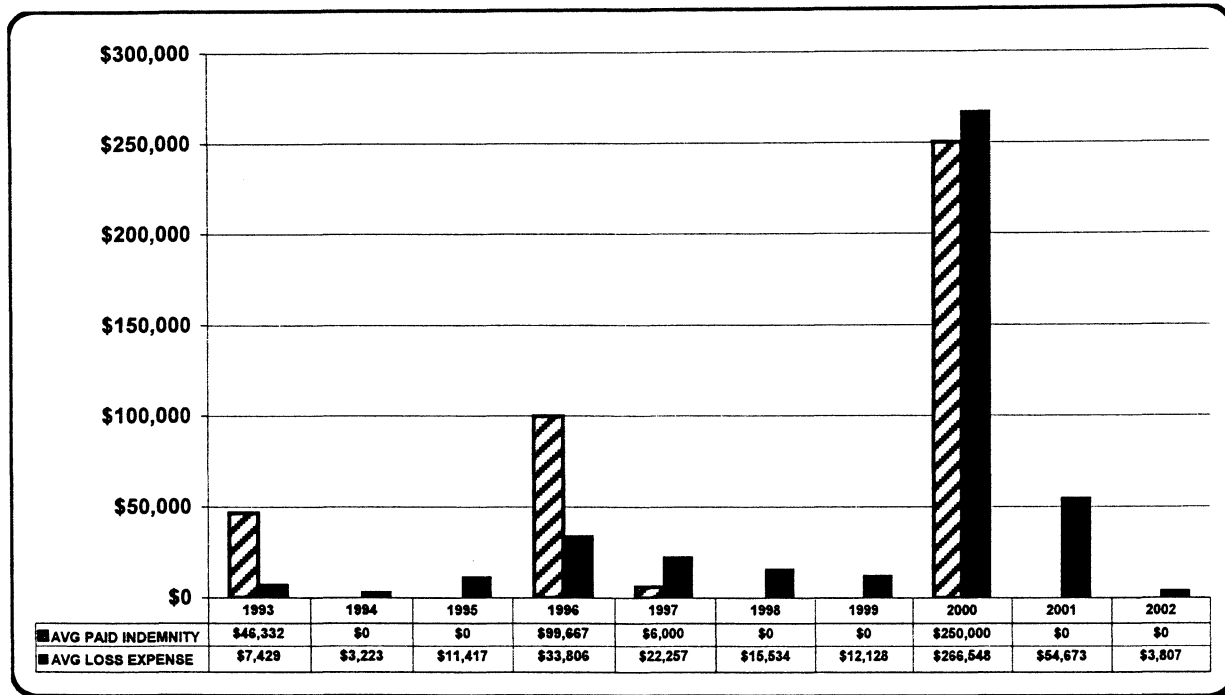


CLAIM COUNT

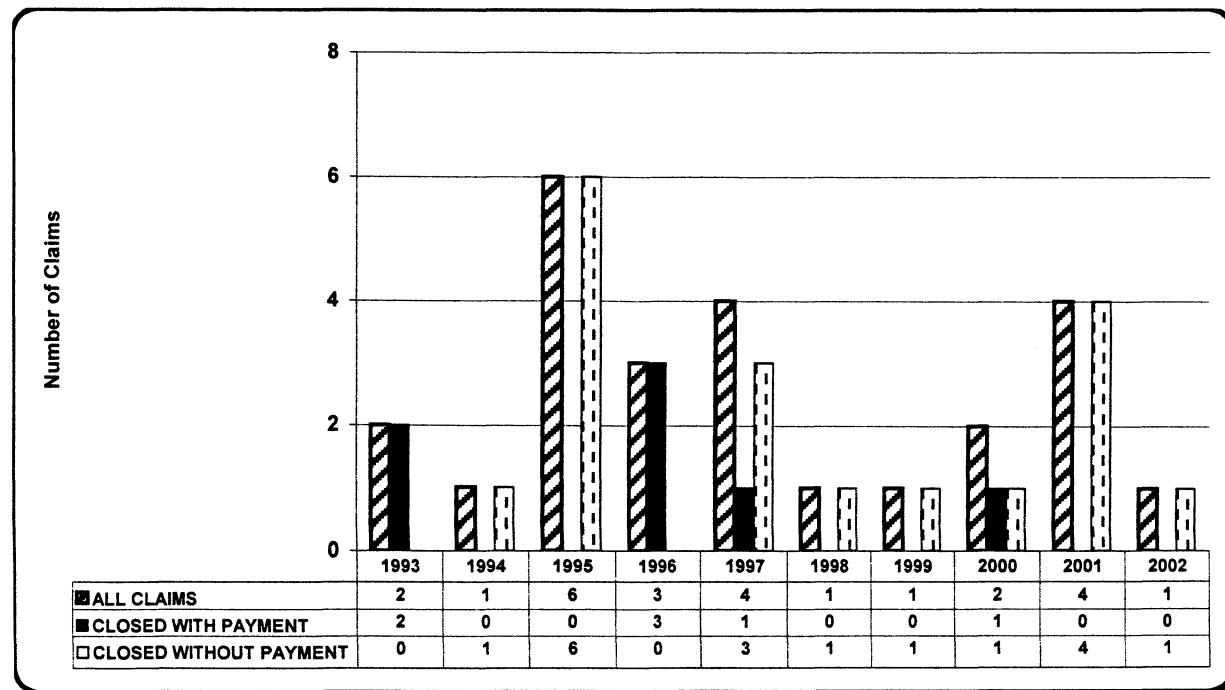


DURING APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT





**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1993 – 2002**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	2,261	589	85.74%	\$106,161	\$62,528,900	89.17%	\$11,023
4 TO 10 YEARS	298	85	12.37%	\$73,834	\$6,275,893	8.95%	\$7,047
UNDER 4 YEARS	79	13	1.89%	\$101,501	\$1,319,510	1.88%	\$3,397
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 2002**

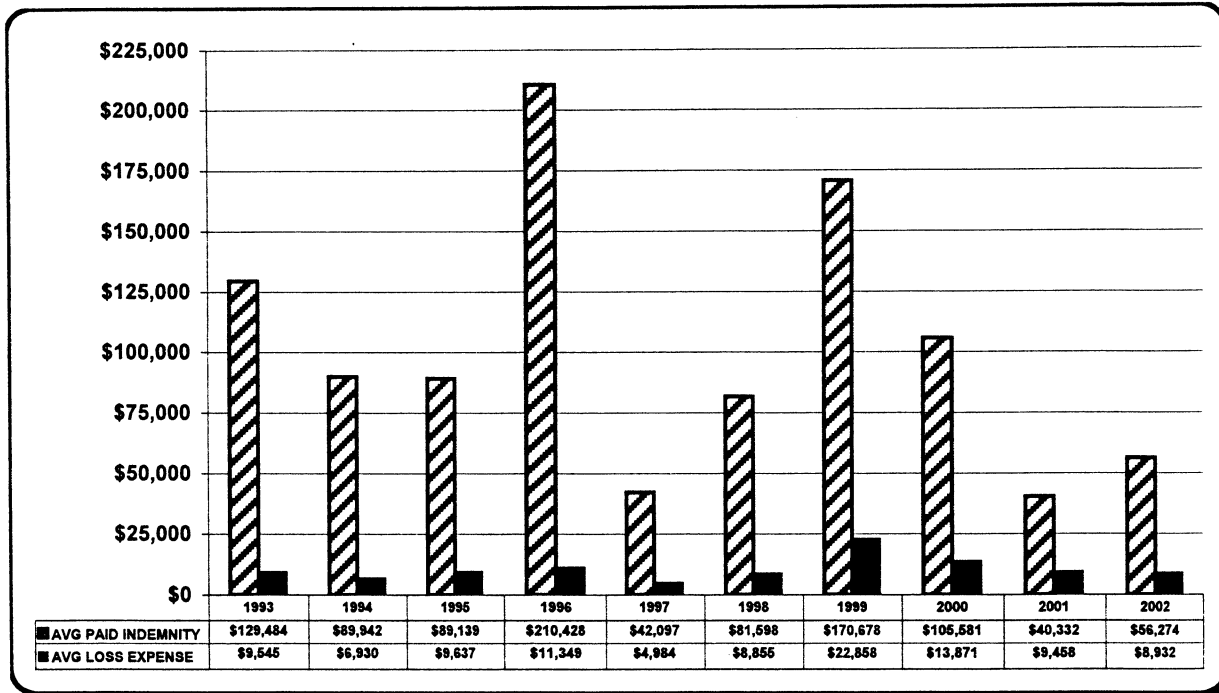
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	206	60	90.91%	\$56,274	\$3,376,441	94.07%	\$8,932
4 TO 10 YEARS	17	4	6.06%	\$19,250	\$77,000	2.15%	\$2,227
UNDER 4 YEARS	4	2	3.03%	\$68,000	\$136,000	3.79%	\$3,818
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

**TRENDS
OF
YEARS ADMITTED TO PRACTICE
FOR 2002**

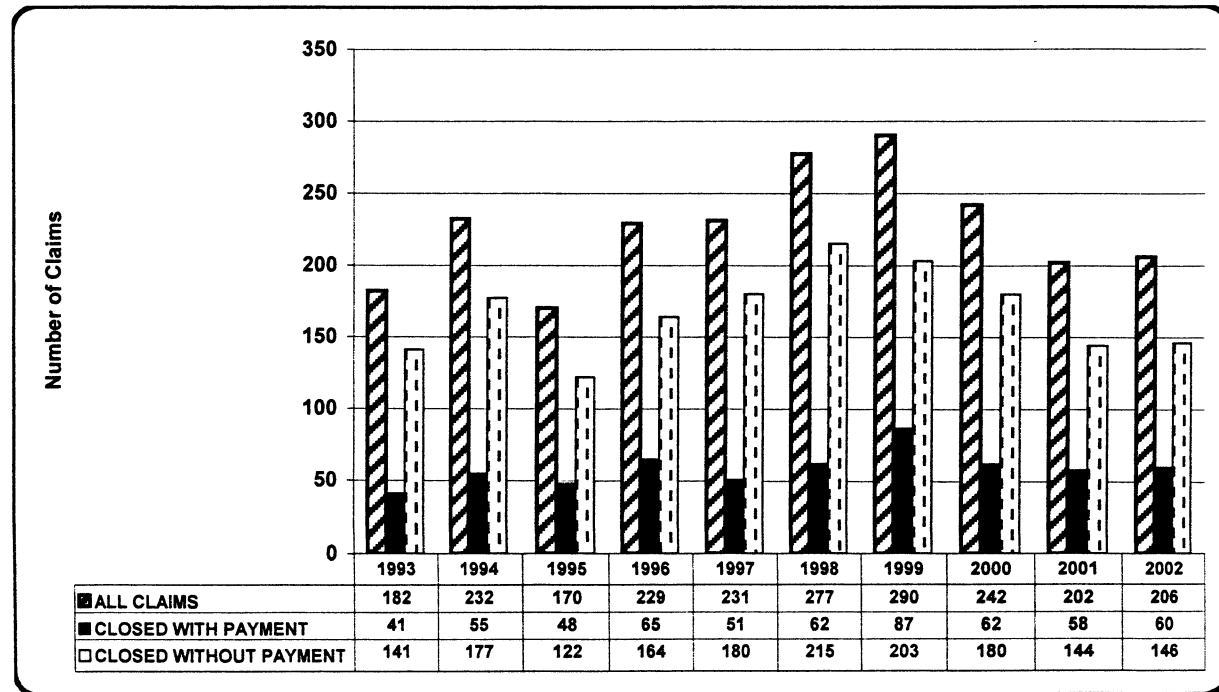


OVER 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

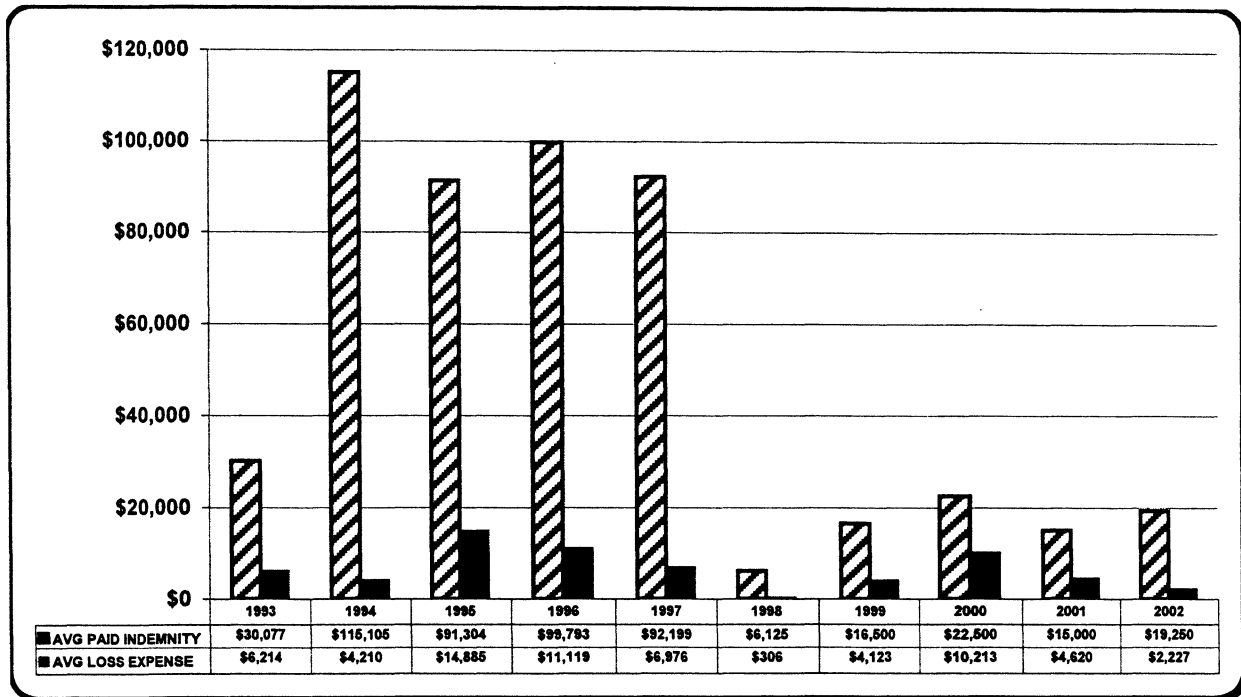


CLAIM COUNT

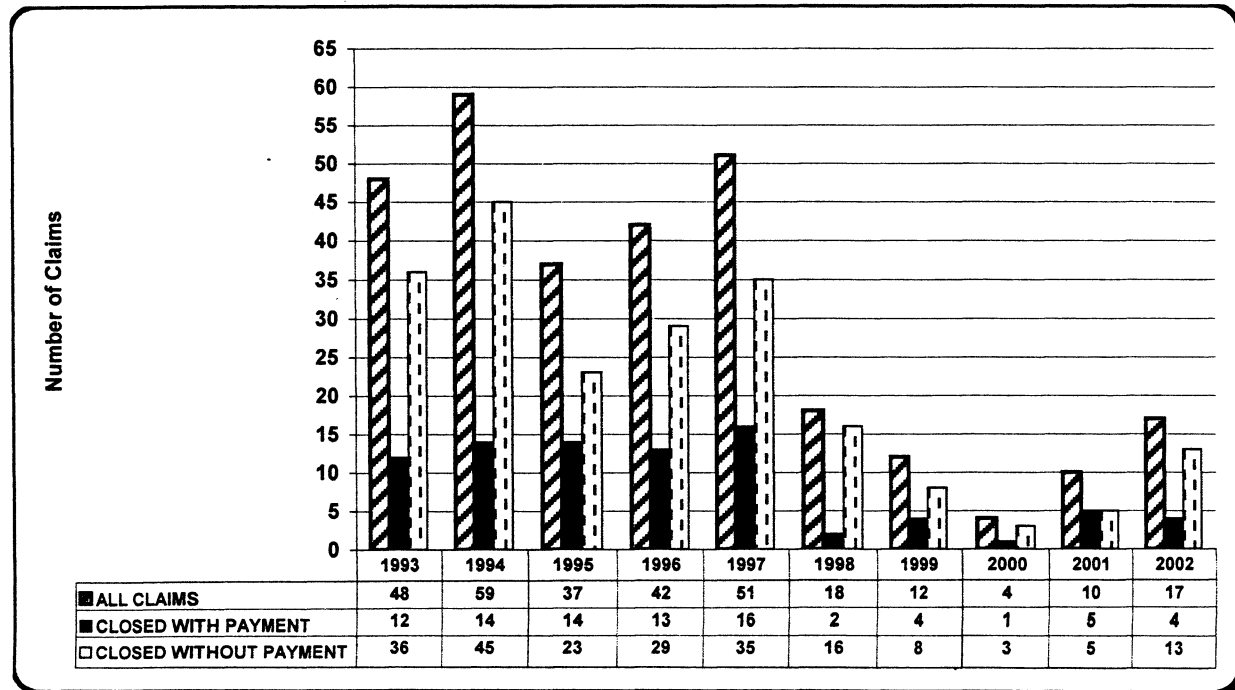


4 TO 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

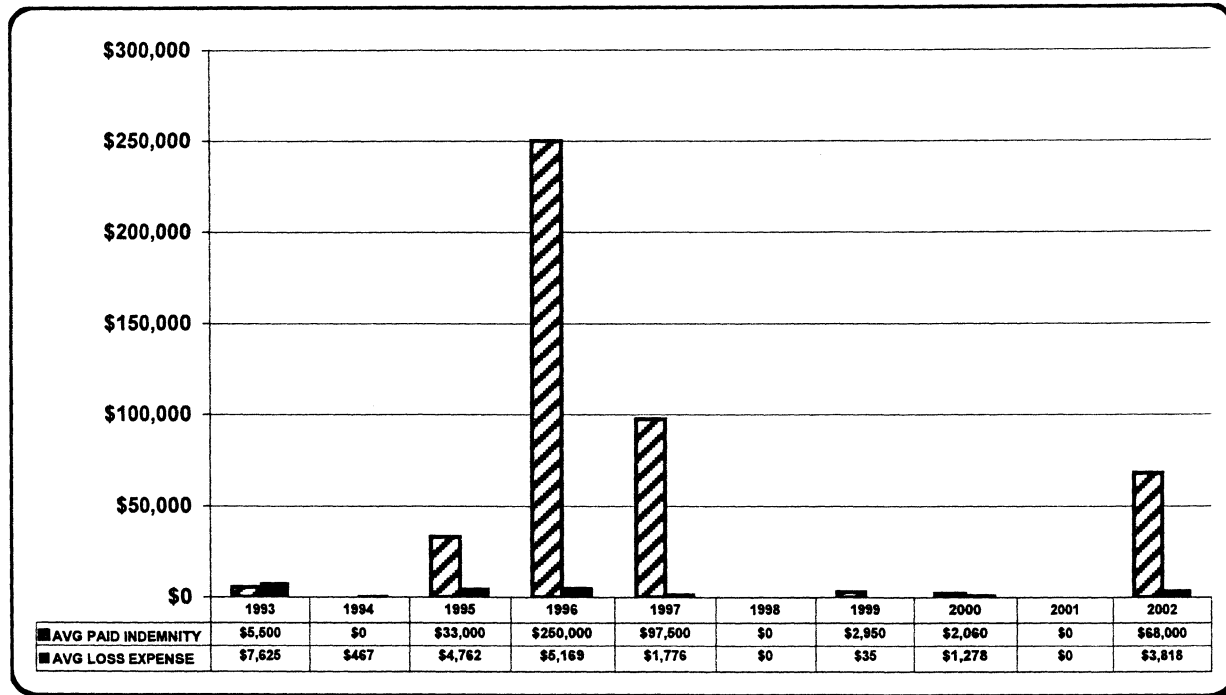


CLAIM COUNT

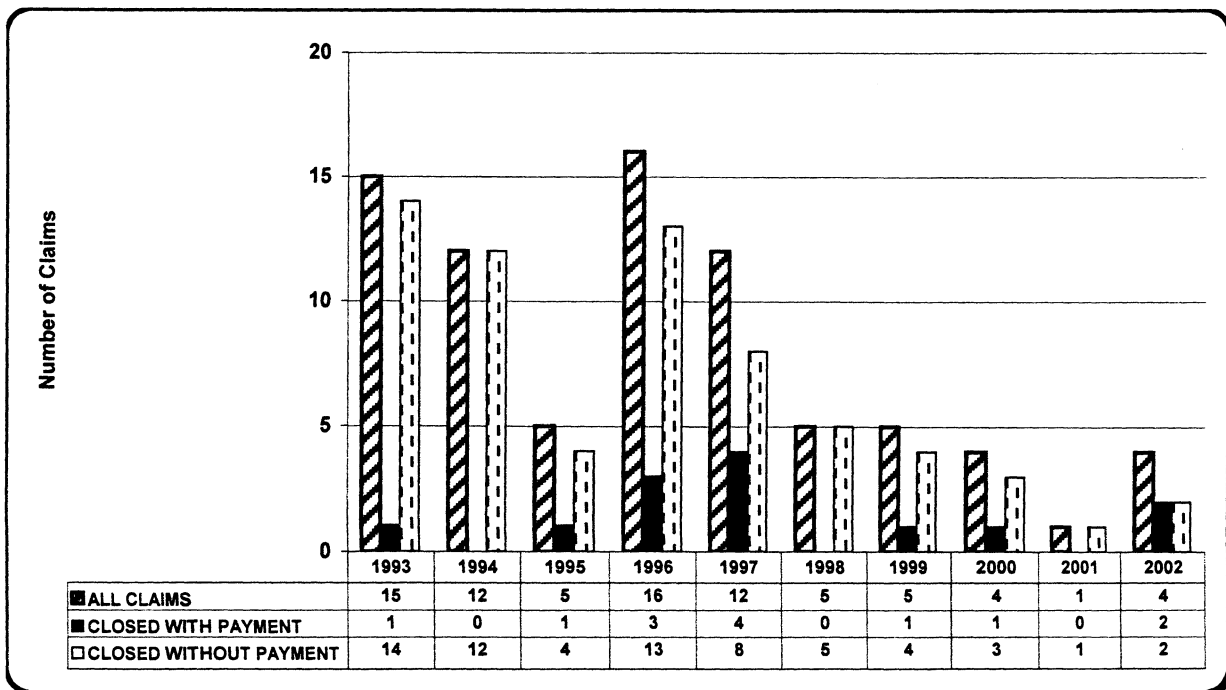


UNDER 4 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2002 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1993 – 2002

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE-PAID LEGAL PLAN	2,104	602	87.63%	\$97,402	\$58,635,895	83.62%	\$9,911
NON-CLIENT	516	79	11.50%	\$143,967	\$11,373,409	16.22%	\$11,847
FREE LEGAL SERVICE	10	4	0.58%	\$20,625	\$82,500	0.12%	\$1,948
MEMBER PRE-PAID LEGAL PLAN	8	2	0.29%	\$16,250	\$32,500	0.05%	\$38,076
TOTAL	2,638	687	100.00%	\$102,073	\$70,124,303	100.00%	\$10,345

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2002

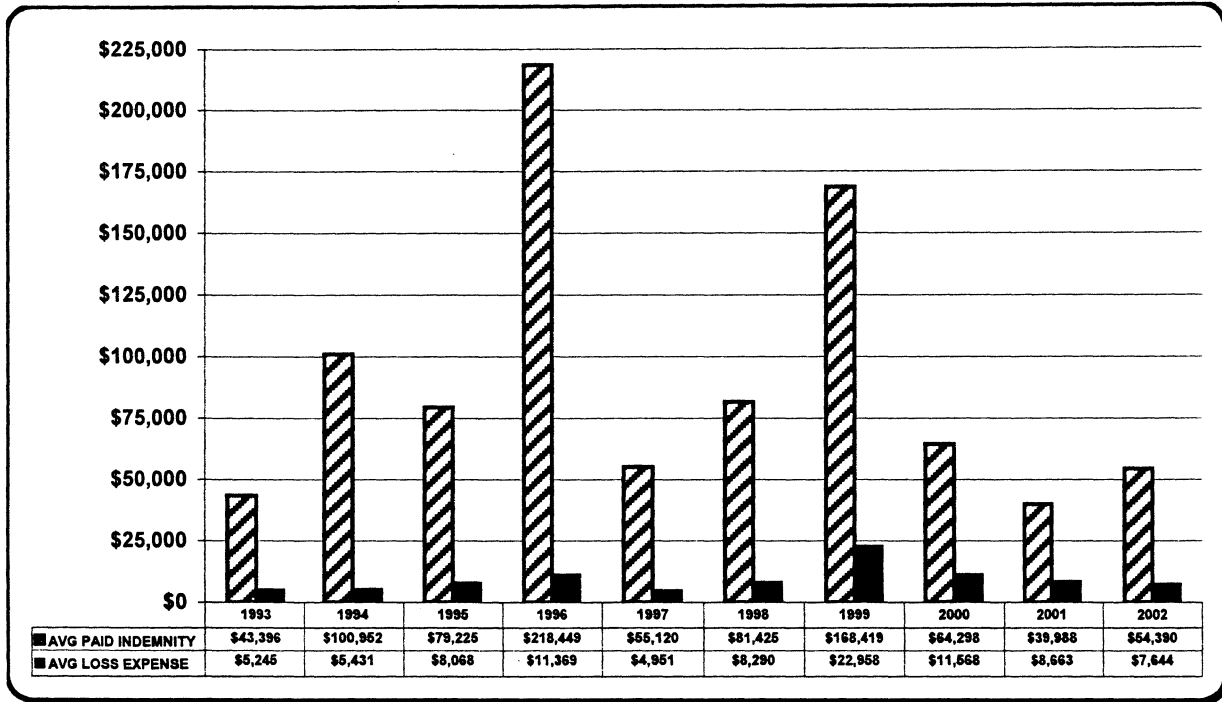
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PREPAID LEGAL PLAN	199	60	90.91%	\$54,390	\$3,263,401	90.92%	\$7,644
NON-CLIENT	26	5	7.58%	\$62,808	\$314,040	8.75%	\$13,824
FREE LEGAL SERVICE	2	1	1.52%	\$12,000	\$12,000	0.33%	\$6,256
TOTAL	227	66	100.00%	\$54,385	\$3,589,441	100.00%	\$8,339

**TRENDS
OF
INSURED/CLAIMANT
RELATIONSHIP
FOR 2002**

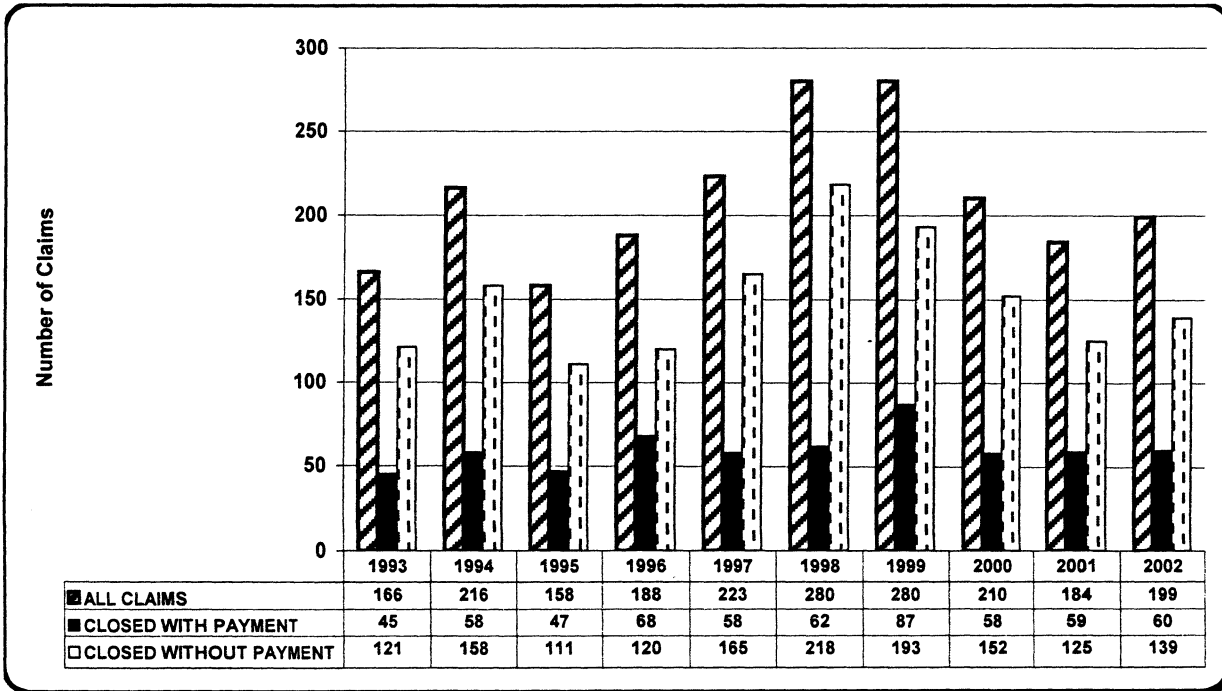


CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

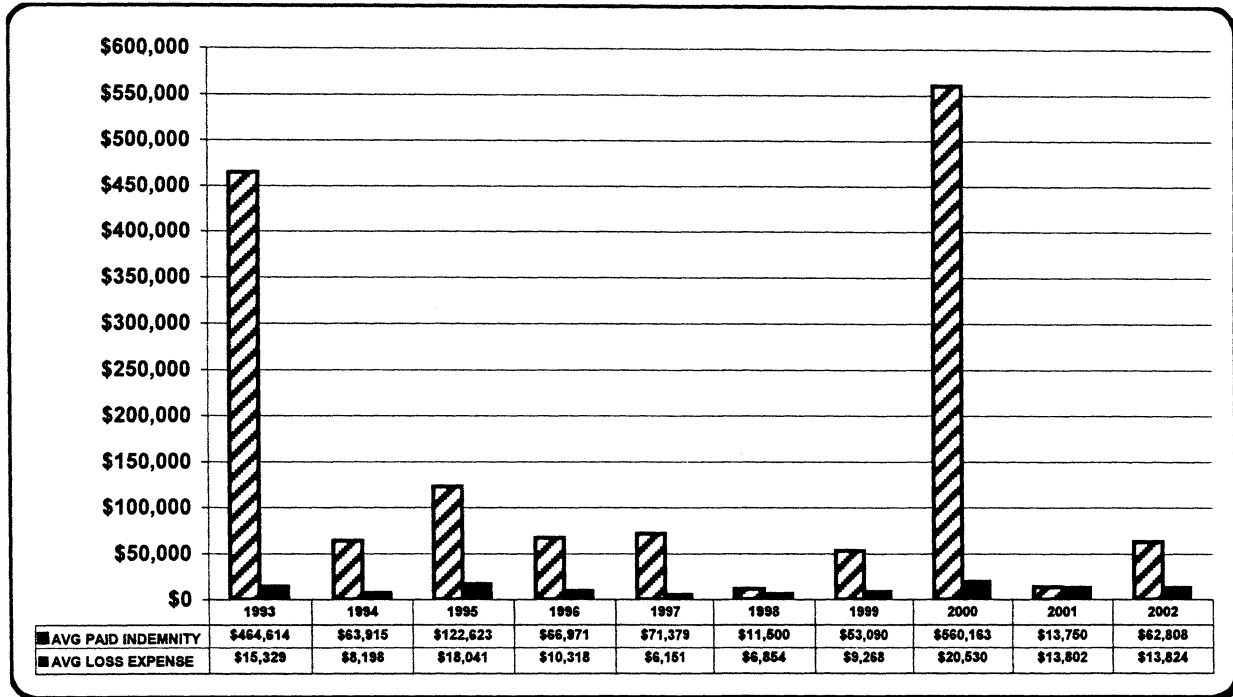


CLAIM COUNT

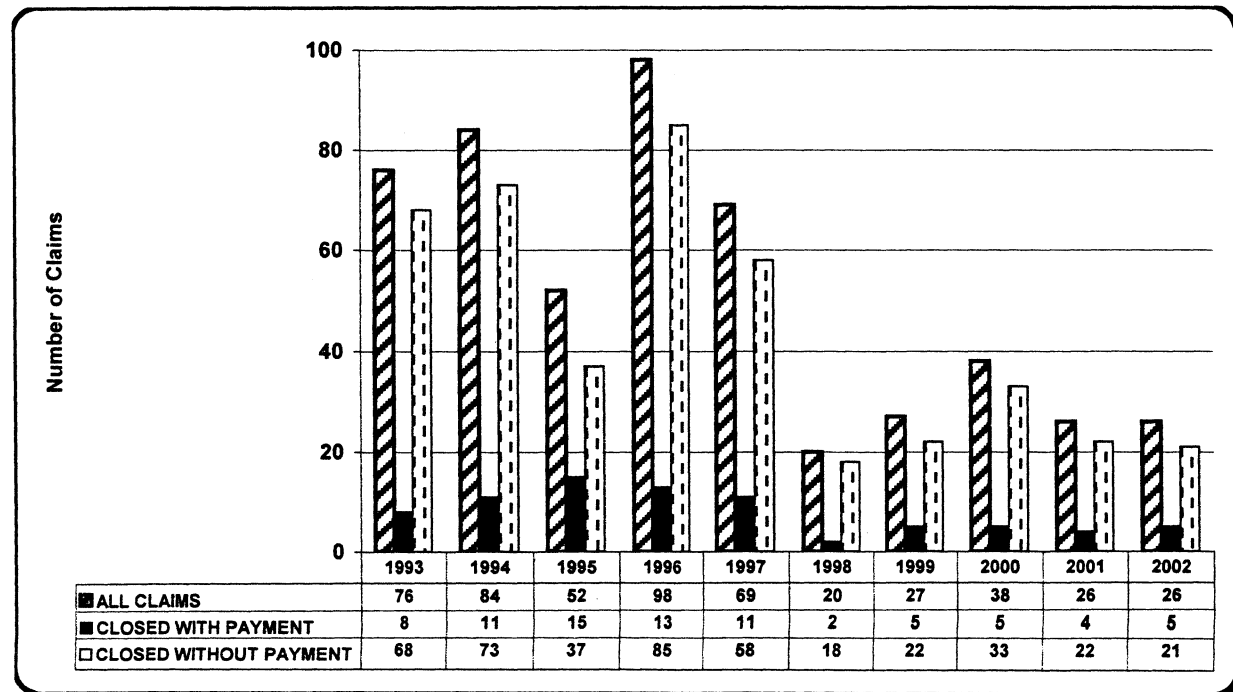


NON-CLIENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

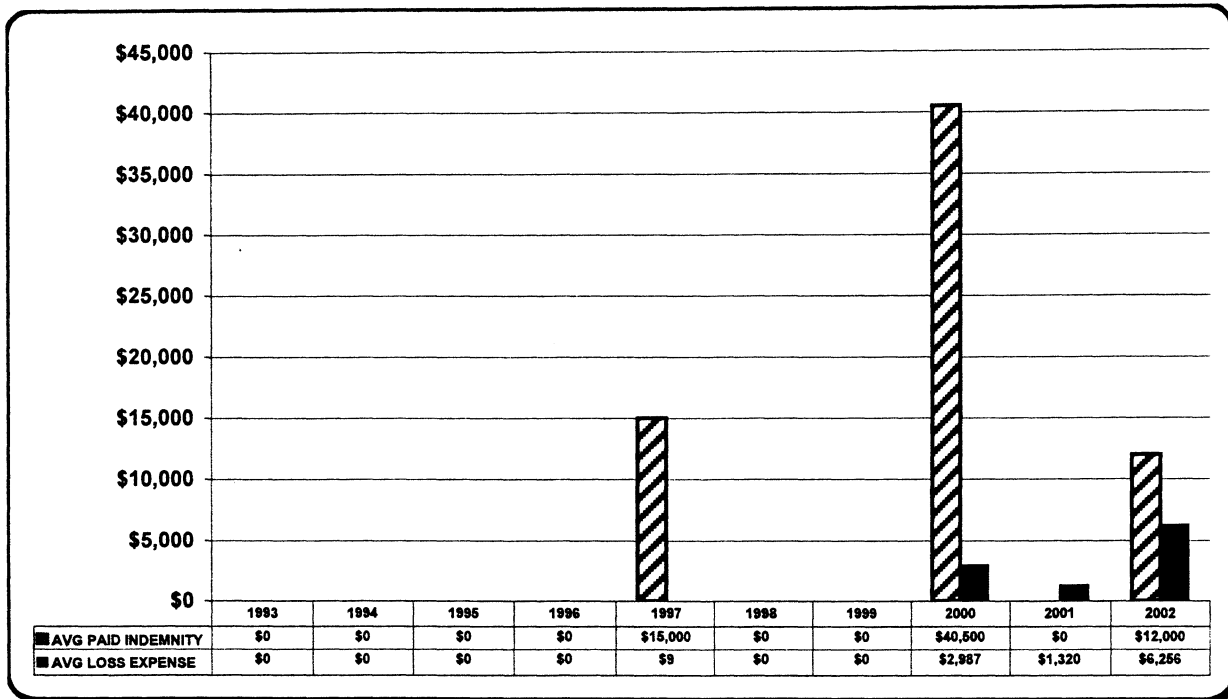


CLAIM COUNT

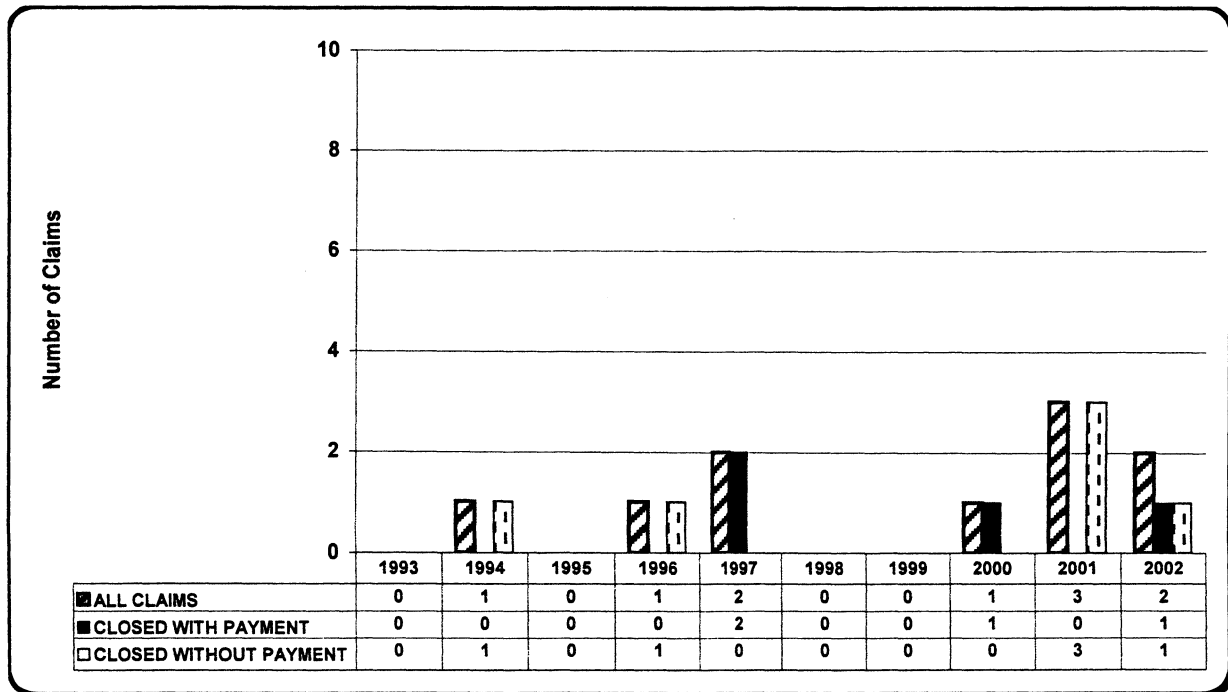


FREE LEGAL SERVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT





**PREMIUM AND
LOSS DATA**



**PAGE 24 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

2002 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE CO THE	74.55%	\$9,556,921	\$9,176,266	\$1,129,421	12.31%
10037	INTERLEX INSURANCE COMPANY	16.09%	\$2,061,973	\$2,416,628	\$309,918	12.82%
20443	CONTINENTAL CASUALTY COMPANY	3.69%	\$472,436	-\$487,803	-\$758,493	155.49%
24767	ST PAUL FIRE & MARINE INSURANCE CO	2.53%	\$324,568	\$377,920	\$315,411	83.46%
16691	GREAT AMERICAN INSURANCE COMPANY	1.34%	\$171,821	\$215,175	\$64,752	30.09%
25585	PROFESSIONALS DIRECT INSURANCE COMPANY	1.04%	\$133,838	\$10,556	\$6,018	57.01%
29459	TWIN CITY FIRE INS CO	0.72%	\$92,235	\$80,752	\$10	0.01%
22810	CHICAGO INSURANCE COMPANY	0.03%	\$3,280	\$2,180	\$0	0.00%
42234	MINNESOTA LAWYERS MUTUAL INS COMPANY	0.01%	\$1,571	\$49	\$82	167.35%
36781	CENTRIS INSURANCE COMPANY	0.00%	\$0	\$0	\$23,961	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$0	-\$19,836	N/A
22136	GREAT AMERICAN INSURANCE CO OF NEW YORK	0.00%	\$0	\$35,003	\$1,364,029	3896.89%
33723	GREAT AMERICAN SPIRIT INSURANCE COMPANY	0.00%	\$0	\$0	\$602	N/A
24805	ST PAUL INSURANCE CO OF ILLINOIS THE	0.00%	\$0	\$4,143	-\$8,876	-214.24%
TOTAL		100.00%	\$12,818,643	\$11,830,869	\$2,426,999	20.51%

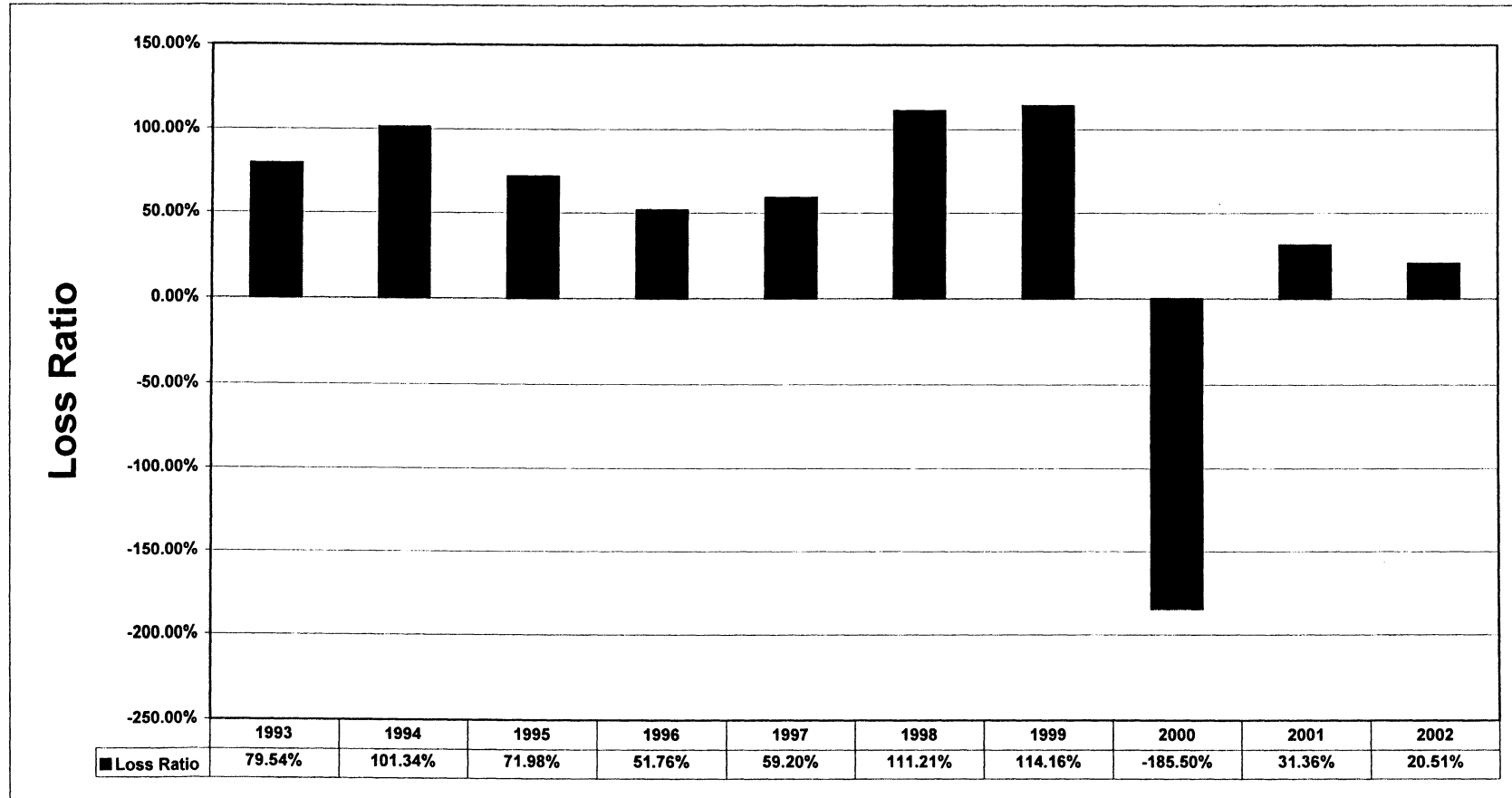
PAGE 24 SUPPLEMENT **LEGAL MALPRACTICE EXPERIENCE**

TEN YEAR SUMMARY

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1993	\$12,862,384	\$13,214,324	\$10,510,114	79.54%
1994	\$16,489,175	\$15,654,256	\$15,863,938	101.34%
1995	\$15,119,433	\$16,142,706	\$11,619,877	71.98%
1996	\$13,807,557	\$14,103,128	\$7,300,262	51.76%
1997	\$14,580,412	\$13,614,619	\$8,059,195	59.20%
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
1999	\$12,175,030	\$11,697,769	\$13,354,679	114.16%
2000	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%
2001	\$13,576,133	\$14,770,445	\$4,631,875	31.36%
2002	\$12,818,643	\$11,830,869	\$2,426,999	20.51%
10-Year Total	\$135,010,513	\$133,936,721	\$69,821,934	52.13%

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LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY



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